

EUROPEAN NEWS

Giscard's position weakened as election manoeuvring begins

BY ROBERT MAUTHNER IN PARIS

IN FRENCH politics it never rains, it pours. The complete calm which followed the European elections in June has suddenly been shattered...

If the French autumn has suddenly become hot, the main reasons are clear. They are to be found in M. Barre's ill health, the renewed anti-government manoeuvres of the Gaullists...

Almost overnight, the position of President Valéry Giscard d'Estaing has become much less impregnable than only a few weeks ago...

The Canard's apparently well-documented allegations that President Giscard, when he was still Finance Minister in 1973, accepted a present of diamonds from the discredited ex-Emperor Bokassa of the Central African Republic...

particularly since there is no law in France preventing people in official positions from accepting presents from foreign leaders.

General de Gaulle, whose integrity and moral rectitude has never been questioned by even his most virulent political opponents, built up a veritable museum of presents from foreign heads of government and state at his private residence in Colombey-les-Deux-Églises.

But though the opposition Socialist and Communist parties have prudishly failed to make all the political capital they could out of the affair—perhaps in anticipation of the day when they themselves become ministers—some of the mud is bound to stick during the presidential election campaign.

It is also certain that the diamonds affair has given a psychological boost to both the Left-wing opposition and the Gaullists. Gaullists have long been fretting at their lack of freedom as members of the ruling coalition, which is dominated in practice, if not numerically, by the pro-Giscard UDF Centrists.

prove that they were the most powerful political force in France, were soundly beaten into second place by the UDF, while the Gaullists were relegated to an ignominious last place, defeated by a large margin even by the Communists.

The Communists, on the other hand, were cock-a-hoop at trailing only a short way behind the Socialists in spite of their anti-European policies. They took it as a sign that they had everything to gain by retaining their freedom of action from their erstwhile Union of the Left partners.

For some months, therefore, President Giscard's men have been ruling a much-divided roost. M. Jacques Chirac, the Gaullist leader, had his wings clipped by his own party, which felt that his abrasive manner and aggressive anti-government tactics had lost the party many of its traditional supporters.

On the other side of the political spectrum, the efforts of M. Francois Mitterrand, the Socialist leader, to blow new life into Union of the Left, were disdainfully repulsed by a cocky Communist Party intent on consolidating its own position in the country.

During the past two or three weeks, however, the chessboard has become much less static, and the political parties have begun to move their big pieces into position for next year's



President Giscard faces challenge from within and outside his Government as the long election run starts. Pictured beside him (left) are Gaullist, M. Jacques Chirac and Socialist M. Francois Mitterrand.

Presidential manoeuvres—some what early by the standards of all other countries except the U.S.—it might be thought, but that is the traditional pattern in France, where politicians like to keep in training even for matches which are still 18 months ahead.

He timed his come-back carefully, with dire results for the Government. Having been criticised frequently by friend and foe alike for failing to follow up his verbal attacks on M. Barre's economic austerity policies with positive political action, the Gaullist leader decided to use the debate in the National Assembly on the 1980 budget to mend this hole in his armour.

Weapons have become more deadly. He announced straight away that the Gaullists would not vote for the budget unless cuts of some FFrs 2bn (about £230m) were made in the Government's public expenditure proposals and for once carried out his threat. What is even more serious, as far as the Government is concerned, is that pro-Giscard UDF deputies originally supported the Gaullist amendment on spending cuts in the National Assembly's finance committee.

though they abstained when it was put to the vote. The Gaullists' failure to support the Government resulted in the defeat on the first reading of the whole revenue section of the budget. This led to the unprecedented situation where Parliament is now discussing the Government's expenditure proposals without knowing what the Treasury's receipts will be in 1980.

There is still time for a compromise to be reached between the Government and the Gaullists before the second reading of the Finance Bill on November 17. If the worst came to the worst, the Government could force the budget through the National Assembly by making it a question of confidence.

Matters have certainly been made worse by the sudden admission to hospital of M. Barre with high blood pressure. He is the chief architect of the budget and the Government's much-criticised economic policy, and might have been more successful than M. Maurice Papon, the Budget Minister, in reaching a settlement.

Rumours that M. Barre would soon be replaced as Prime Minister have been rife for some weeks, and M. Giscard d'Estaing is plainly anxious to enter the presidential election campaign with as popular a premier as possible.

The danger for President Giscard is that the Gaullists, whose leader also has strong

presidential ambitions, will step up their harassment of the Government after their success in the budget debate. Whatever happens, the Gaullists will certainly be even less of a docile partner during the next 18 months than they have been so far as they attempt to show the voters there is a real Right-wing alternative to President Giscard.

Whether there will also be a credible Left-wing presidential candidate remains to be seen. The Communists have already announced they will put up a candidate, probably the party leader, M. Georges Marchais. But he will almost certainly be knocked out of the race in the first round. The big question mark is who the Socialists will choose as their representative.

M. Francois Mitterrand, the socialist leader, has recently strengthened his previously tenuous hold on the party by trying to patch up the quarrels between the party's Left and Right wings.

Public opinion polls show that his main rival with the party, M. Michel Rocard, the representative of the Social-Democratic wing, stands a much better chance of beating M. Giscard d'Estaing. But M. Rocard has made it clear that he will not stand in M. Mitterrand's way if the latter decides to enter the lists. For internal party reasons, therefore, the Socialists might well choose a candidate who is the least likely to unsettle President Giscard.

Iceland tries to break its dependence on Soviet oil

BY WILLIAM DULLFORCE IN REYKJAVIK

ICELAND IS in difficulties with its petroleum imports from the Soviet Union and is seeking alternative sources of supply. Mr. Johannes Nordal, the governor of the central bank, has just returned from visits to Norway, Finland and Britain, apparently with little hope of changing matters in the near future.

He declined yesterday to say anything about the results of his tour but said it would be difficult to improve Iceland's oil import situation next year. The lesson was that the country needed a more flexible long-term oil policy.

Iceland has been buying most of its petroleum from the Soviet Union under a five-year trade agreement which stipulates that Rotterdam spot market prices should apply. This means that its oil import bill probably will more than double to around \$150m this year.

Moscow has rejected a request to supply Iceland with crude which it could refine on its own account in Western refineries. Last year the Icelanders imported 416,000 tons of fuel oil and 95,000 tons of petrol.

Oil accounts for more than half total energy consumption. It is particularly important for the fishing fleet, which provides 75 per cent of the country's exports.

The national economic institute forecasts a deterioration of 11-12 per cent in Iceland's terms of trade this year as a result of the oil price increases. This in turn would have a direct impact of at least 5 per cent and considerably more, when the indirect effects, come through, on the exceptionally high rate of inflation prevailing. Consumer prices are expected to go up by around 55 per cent between the beginning and the end of the year.

Deadlock averted in EEC food aid controversy

BY DAVID TONGE, DIPLOMATIC CORRESPONDENT

THE EEC has advanced a stage towards improving the controversial procedures used by the Commission to distribute food aid. This year, the EEC and its members will distribute around \$600m worth of such aid but delays of over two years are occurring in the handling of requests for aid and political criteria often prevail over developmental ones.

Earlier this week, flexibility by France and West Germany prevented the breakdown of attempts by the Commission, backed by Britain, to reform the system. A meeting of EEC development ministers in Luxembourg took up Commission proposals aimed at streamlining the distribution of aid and ensuring that it is allocated on purely developmental criteria. Sufficient progress was made for the matter to be referred back to ambassadorial level.

EEC food aid involves an annual 1.3m tonnes of cereals and has also been a mechanism for reducing the Community's "dairy mountains." In recent years an annual 150,000 tonnes of dried skimmed milk and 45,000 tonnes of butteroil has been distributed. Traditionally, shipments are mainly to coun-

tries in Asia, the Far East and Africa. Over the years it has become progressively more important than national programmes.

The food aid, however, has long seemed to have evolved faster than its ability to handle it. At present the Commission has to prepare annual programmes, which are sent for approval to the Council of Ministers.

Further delays occur at the stage of the drafting of country agreements by the Commission, approval of these by the recipient, and publication of tenders. Emergency procedures do exist, but there have been occasions when aid has only arrived after the emergency is over.

Last January, the Commission proposed that it be given more powers, that a management committee be set up at the level of senior civil servants and that aid should be allocated on purely developmental criteria. Britain has since been pressing for the adoption of these proposals and has the support of the Danes. But the French and Italians have objected. This week, however, differences between the various parties narrowed significantly.

Bilbao women facing long jail sentences

BY DAVID GARDNER IN MADRID

ELEVEN WOMEN go on trial today in a test case of perhaps the most divisive issue in Spanish society. Accused of "abortive practices"—procuring, performing or having an abortion—they face a total of up to 120 years jail.

The Spanish penal code, backed by the Catholic hierarchy which equates the termination of pregnancy for any reason with the taking of life, rigorously outlaws abortion. The position of the ruling Union de Centro Democrático (UCD) differs only slightly from this in that it envisages family planning facilities as the antidote to abortion. However, out of 72 family planning units scheduled by the Government, only 19 have been set up.

Both Church and Government restated their implacable opposition to abortion last month, and the trial is a logical follow-through, even though the women concerned, all of working class background, had their abortions between two and 12 years ago.

According to the Supreme Court, an estimated 300,000 clandestine abortions take place in Spain each year. Information gathered by feminist organisations shows that as many as 3,000 women a year either lose their lives or become seriously ill or sterile at the hands of backstreet abortionists or well-meaning amateurs. Some Spanish women seeking an abortion are luckier. Those who can afford it make the well-known "weekend shopping trip" to London or Biarritz and receive proper medical attention in legally recognised clinics. According to British Government figures, 10,138 Spanish women had abortions in the UK last year, while about 1,800 went to clinics in the French Basque country.

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FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates \$38.00 per annum. Second class postage paid at New York, N.Y. and at additional mailing centres.

Iveco advertisement featuring various Fiat truck models with detailed descriptions and the IVECO logo. Models include 16 ton Rigid, 6 ton Chassis Cab, 6 ton Integral Van, 32 ton Tractor, and 75 tonne Chassis Cab. The text emphasizes reliability and high quality.

A new truck from Fiat is always big news. But the launch of six all-new trucks has got to be a show-stopper. With one giant step, we've paved the way into the eighties with a brand new range from 6 ton non-HGVs to a 32 ton artic. In addition to our new 3.5 tonne Daily announced a few weeks ago. Each new model has a tilt cab. Each one pioneers a new level of specification, comfort and economy. See them for yourself at Kelvin Hall. Then talk to your Fiat Truck Dealer. You could be the first operator to set foot in the 1980s.

Fiat Trucks advertisement with large stylized text 'FIAT TRUCKS make it simple' and contact information for Fiat Commercial Vehicles Ltd. in London.

مكنا من التحليل

EUROPEAN NEWS

Authorities take blame for Polish power cuts

The Polish authorities have admitted that planning faults are responsible for power shortages plaguing industry...

Political uncertainty in Turkey threatens accord with IMF

BY METIN MUNIR IN ANKARA

THE STAND-BY agreement between Turkey and the International Monetary Fund risks falling a victim to the political uncertainty which has followed the recent elections...

Ustinov warns of risk to detente

By David Satter in Moscow

THE SOVIET Defence Minister, Marshal Dmitri Ustinov, yesterday warned the U.S. that plans to station new U.S. missiles in western Europe would damage both U.S.-Soviet relations and the prospects for peace throughout the world.

ITALY, BELGIUM, EXPECTED TO TAKE PERSHING

Boost for NATO mobile missile plan

BY GILES MERRITT IN BRUSSELS

ITALY AND BELGIUM are expected to declare their readiness to deploy a new generation of nuclear missiles, in advance of the key mid-December meeting of North Atlantic Treaty Organisation (NATO) Defence and Foreign Ministers.

The aim of the modernisation drive is to counter the build-up of medium-range Soviet nuclear weapons, such as the SS20 mobile missile and the Backfire bomber...

There are growing indications from NATO's Brussels headquarters that the U.S. hopes its European partners will have publicly accepted the theatre nuclear forces modernisation plan before December.

Both in the alliance and inside the Belgian Government there are indications that Belgium is in little doubt over the need to participate in the programme...

Romanian reshuffle

President Nicolae Ceausescu of Romania yesterday appointed four new Ministers in a Government reshuffle affecting legal and economic matters...

Danish Cabinet today

Prime Minister Anker Joergensen, of Denmark, will present his Social Democratic minority to the Queen today...

Swedish duties raised

The duty on alcohol, tobacco and snuff is to be increased in Sweden, writes John Walker in Stockholm...

'Death' for Palestinians

BY OUR ANKARA CORRESPONDENT

A TURKISH military tribunal yesterday pronounced the death sentence on four Palestinian guerrillas convicted of killing two policemen and seizing the Egyptian Embassy in Ankara for 45 hours last July.

men had expressed regret that the goal of their mission had not been fulfilled. This was to secure the release of their colleagues from an Egyptian jail.

The U.S. was talking about detente in words but by its actions was whipping up an atmosphere of fear...

NATO's "aggressive aspirations" represented "a mine put under the edifice of peace in Europe."

He said the aim of the NATO leadership appeared to be to station U.S. Cruise and Pershing missiles in Western Europe and then negotiate force reductions from a "position of strength."

It appears that parity no longer suits the NATO strategists, Marshal Ustinov said.

Underlining what he said were the Soviet Union's peaceful intentions, he elaborated on the "offer" to withdraw up to 20,000 troops and 1,000 tanks from East Germany.

He said the troops and equipment would be moved to Soviet territory and not elsewhere in Eastern Europe.

Spain reiterates N-plant promise

BY ROBERT GRAHAM IN MADRID

THE SPANISH Government has once again reiterated its determination to press ahead with the controversial nuclear plant at Valdecaballeros in Extremadura.

immediate demonstrations followed over the Valdecaballeros decision. After two weeks of demonstrations and sit-ins by local mayors, the Government agreed to halt construction once again to allow time for local inhabitants to be better informed about the plant's installation.

objection has been that the boiling water reactor is out of favour in the nuclear industry.

At the end of August, the Government announced that work could resume on two nuclear plants—at Valdecaballeros and Trillo, near Guadalajara in central Spain.

There were two main objections to the plant—a boiling-water reactor with two 975 MW units. People feared that it would use too much water in a region where this resource is scarce and needed for agriculture.

In Parliament on Wednesday these objections were vigorously aired again and Sr. Ramon Tamames, the Communist chief economic spokesman, suggested a referendum.

While the go-ahead for Trillo was greeted without protest,

Low turn-out expected in polls

BY OUR MADRID CORRESPONDENT

IN THE first referendum on regional autonomy in Spain, voters in the Basque country and Catalonia yesterday went to the polls.

Herri Batasuna gained 16 per cent of the vote. A further 32 per cent abstained, Herri Batasuna is hoping to capitalise on these "technological" abstentions—largely among the substantial immigrant community—in order to boost its showing against the present state.

electorate would endorse their autonomy statute, which has been approved by the Spanish Parliament.

Portuguese assured over credit

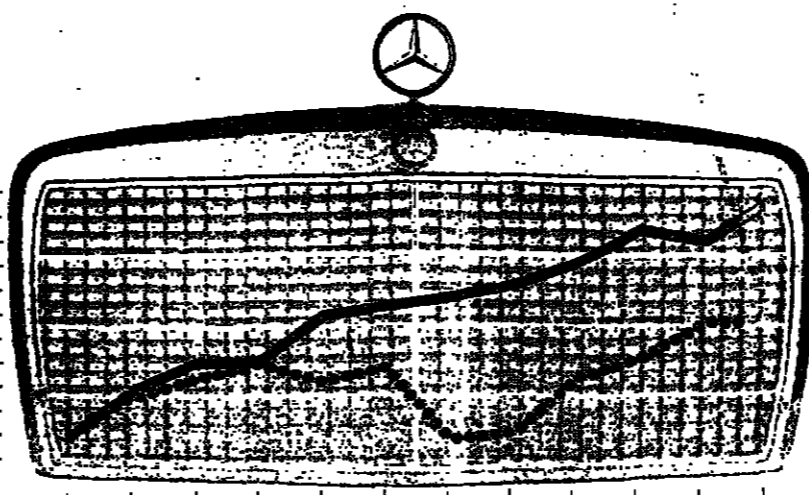
By Jimmy Burns in Lisbon

BARRING a total political and economic breakdown, Portugal's access to the international financial markets is assured whether or not an agreement is signed next year with the International Monetary Fund.

It has been suggested that Portugal's creditworthiness has been affected adversely by failure to renew its agreement with the IMF this year.

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Daimler-Benz tackles the tasks of the future



An altogether successful financial year

The turnover of the organization as a whole was increased in 1978 — despite the loss of production of more than DM 1 billion caused by the wage dispute — by 4.2 per cent to DM 27 billion.

were produced world-wide, helped in particular, by the more than average increase in sales in West Germany.

Progress in Britain

After five years' operation as a direct subsidiary Mercedes-Benz (United Kingdom) Ltd., achieved considerable progress in 1978. Registrations of commercial vehicles increased by 41 per cent over the previous year, and were a gratifying 65.3 per cent up in the vitally important heavy artic sector.

1978

The economic success of the financial year 1978 is a continuation of the upward development which has been maintained for more than two decades. Thanks to the financial and technical bases created during this period, it has been possible to make extensive preparations for the future.

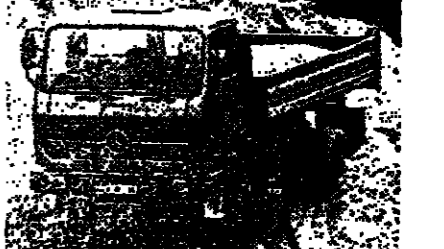
hydrogen, alcohol and electric energy as well as the development of traffic-biased and particularly economical bus systems for public passenger transport.

in the future. Particular attention is being given equally to the problems of environmental protection and saving of energy and to the questions of active and passive safety.

Outlook

The high level of demand is continuing for all types of the extensive range of passenger cars and commercial vehicles.

to attain more than 250,000 units. The world-wide turnover of the organization as a whole will foreseeably rise by about 10 per cent.



The comprehensive Mercedes motor truck range extends from light van to heavy lorry.



New methods of short-distance public passenger transport are shown by the track-guided bus developed by Daimler-Benz.

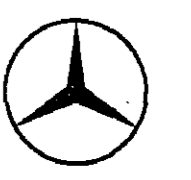


Group Balance Sheet (world-wide) in summarized form

Table with columns for 31 December 1978 and 1977, and rows for ASSETS (Fixed assets, Current assets) and LIABILITIES (Equity capital, Borrowed capital, Group profit/dividends).

Group Profit and Loss Account (world-wide) in summarized form

Table with columns for 1978 and 1977, and rows for Total revenue, Material costs, Payroll and related expenses, Depreciations, Taxes on income from revenue and capital, Additional expenditure from other costs and revenue items, Annual profit.



Mercedes-Benz

OVERSEAS NEWS

Richard Johns reports on the latest rises in Middle East oil prices

OPEC game of leap frog

SO, AFTER some deliberation, Algeria has duly followed six other producers which have raised their prices since October 9. The consumers should perhaps be glad that it has done so. There was more than a suspicion that Algeria might leave the official selling rate for its premium crude varieties at the maximum level of \$23.50 for the second half of 1980 set at the last ministerial conference of the Organisation of Petroleum Exporting Countries (OPEC), and then compensate itself in the first quarter with a surcharge. That would have merely given further grounds for another bout of price leap-frogging early next year.

Speculation on what might happen in three months is only an idle exercise. However, the world cannot make the assumption that the next OPEC conference schedule to begin in Caracas on December 17 members will succeed in establishing a rational price structure. In effect, the result of the July meeting in Geneva was a compromise. Basically, it left a two-tier price structure, with Saudi Arabia at the lower end of the scale and the majority of other producers at the upper end. Their prices were adjusted roughly in line with traditional differentials—reflecting gravity, quality (particularly in relation to lack of sulphur and location)—on a plateau \$4 above the \$18.00 per barrel set for the Kingdom's Arabian Light, traditionally the reference for all other OPEC and non-OPEC crudes. Floating between the two extremes were Abu Dhabi and Qatar. Two moderates under

the influence of Saudi Arabia. Significantly, they have not joined the other producers of the Gulf in the upward surge. As it is, Algeria has merely brought its prices into line with those of Libya, which was the first to crash through the ceiling that was supposed to be sacrosanct until the end of the year. The expectation must now be that Nigeria will follow suit. All three had been on the upper ceiling.

When Iran increased the official selling rate for its premier crude variety, from \$22 to \$23.50, it eliminated the advantage traditionally enjoyed by the top-quality, short-haul North African crudes. In market terms that, too, would be the rationale for the UK, the Soviet Union and, though more questionably, Mexico, to join the inflationary stampede. The \$23.50 ceiling simply could not withstand the addition of Iran.

Tarling trial in final stages

By Kathryn Davies in Singapore
THE TRIAL of Mr. Richard Tarling, the former Slater Walker director, in Singapore's high court is maintaining its reputation for over-running to the very end. Mr. Tarling's final defence submission, concluded yesterday, took twice as long as his counsel, Mr. Howard Cashin, had anticipated at the end of last week.

Mr. Tarling is facing five charges under Singapore's Companies Act which allege that as a director of Haw Par Brothers International he wilfully failed to provide shareholders with a true and fair account of the company's profits in 1972 and 1973. At that time Slater Walker had a substantial stake in the company, and the defendant was one of a number of Slater Walker directors appointed to the Haw Par Board.

Phnom Penh still hesitant on Thailand aid route

BY RICHARD NATIONS IN BANGKOK
THE APPEAL by three U.S. Senators who visited Phnom Penh on Wednesday from relief supplies to enter by road from Thailand has received an ambiguous response from Phnom Penh.

Hun Sen, Foreign Minister of the Heng Samrin regime, had previously told the Senators that security was no barrier, and that the ruling party's Central Committee would consider proposals for an overland relief operation carried out by international organisations.

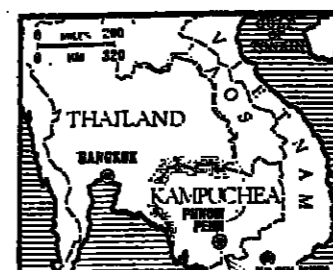
But "far from confirming this possibility, the U.S. Congressmen sought to direct the conversation to the problem of transporting aid which may arrive," Hun Sen said. The port of Kompong Som and Phnom Penh's airport were "fully capable" of taking the present aid from international bodies. If aid were substantially increased, however, Kampuchea would "consider new access if necessary."

SPECTRE OF MASS STARVATION IN KAMPUCHEA
The politics of hunger

BY PHILIP BOWRING IN BANGKOK
KAMPUCHEA'S famine is a disaster made by man, not by nature. As such it is all the more difficult to relieve. The same conditions of local war and international politics which created the catastrophe for the Khmer people stand in the way of relief.

Like most famines the problem is not one of availability of supplies but of their distribution. This is especially the case with Kampuchea, adjoining as it does one of the world's great granaries, Thailand. The border is only three hours drive from Bangkok from which in one year more than 10m tons of rice, maize, sugar and tapioca are exported. Kampuchea needs less than 2 per cent of that.

country has perhaps another 2.5m people. Numbers themselves have ceased to have much meaning. Even numbers in Thailand itself vary widely. At the same time Thai army officers were saying there were 100,000 already in Thailand, an international agency was stating a figure double that size.



Nor should transport be a problem. In Kampuchea itself, and to its east, sits the Vietnamese army, which has shown the world a series of logistical marvels, starting with the siege of Dien Bien Phu. But Vietnam lacks food and its army is otherwise engaged. Thailand has at home or at hand most of the systems needed to deliver all the food by land, sea or air. It has almost all the modern infrastructure that years of buoyant trade, economic growth and an American military presence could provide.

As if all this were not enough, there is gathering international support for relief programmes, a galvanising of virtue, charity, donations and voluntary work. But the political problem stands full square in the way of all these forces and resources. Valiant efforts are being made to find ways around the blockade. Some success is being achieved, particularly on the Thai border. But meanwhile the depopulation of Kampuchea continues.

Numbers are difficult to count at the best of times and there is in fact crossing of the border in both directions. Stories of chaos, inefficiencies, corruption, and inter-agency wrangling on the Thai border are all true. But they are only part of the truth and not central to the problem. In addition to the 100,000 or 200,000 Kampuchean who have recently arrived in Thailand are an estimated 100,000 close to the border who are receiving some supplies from International Red Cross (IRC) and the United Nations Children's Fund (UNICEF). The situation is changing daily and it is not surprising if some times the food and medicines are not where the people are.

Chinese embezzler 'to die'

BY JOHN HOFFMANN IN PEKING
A CHINESE court has sentenced a woman to death for embezzling 500,000 yuan (\$153,000) from a company she had turned into a private enterprise.

For nearly seven years the woman, Wang Suxing, had milked money and property from the Bingxian County Fuel Company in China's north-eastern Heilongjiang province.

Finally broken last year when an honest official produced evidence that she had forged the confession of one of her critics. "With one hand she grabbed power and with the other she grabbed money," a prosecutor told the trial court.

Korean students protest

SEOUL—University students staged an anti-Government demonstration in the southern city of Taegu yesterday, a week after student-led riots in nearby Pusan and Masan were stifled by martial law.

FOOD PRICE MOVEMENTS

	October 25	Week ago	Month ago
	£	£	£
BACON*			
Danish A.1 per ton	1,220	1,230	1,180
British A.1 per ton	1,200	1,200	1,160
Ulster A.1 per ton	1,200	1,200	1,160
BUTTER†			
NZ per 10 kg	13.20/13.37	13.20/13.37	13.20/13.37
English per 10 kg	17.67	17.67	17.67
Danish salted per 10 kg	18.35	18.35	18.35/18.47
CHEESES			
English cheddar	1,450	1,450	—
Irish cheddar	1,481.03	1,471.19	—
Danish cheddar	1,430	1,420	—
EGGS*			
Home produced:			
Size 4	3.80/4.00	3.80/4.00	—
Size 2	4.30/4.50	4.40/4.50	—
	October 25	Week ago	Month ago
	p	p	p
BEEF			
Scottish killed sides ex-KKCP	60.0/65.0	60.0/65.0	60.0/65.0
Esire forequarters	42.0/44.0	42.0/44.0	44.0/46.0
LAMB			
English	46.0/50.0	49.0/51.0	52.0/57.0
NZ PLS/PMs	52.0	47.0/52.0	47.0/49.5
PORK			
All weights	39.5/50.0	38.0/50.0	38.0/46.0
POULTRY			
Oven-ready chickens	37.0/42.0	38.0/48.0	38.0/44.0

* London Egg Exchange price per 120 eggs. † Delivered. ‡ 20-kg rindless blocks, delivered, per tonne.

DKB'S ECONOMIC JOURNAL

October 1979: Vol. 8 No. 10

Japan's income statistics indicate encouraging but also uncertain factors

A preliminary report of National Income Statistics indicate that gross national expenditures in real terms during the April-June period rose by 1.5 per cent (seasonally adjusted) over the previous three-month period.

Although the rate of growth was modestly lower than 1.7 per cent registered in the previous quarter, it may well be said that the growth continued to be encouragingly high.

By major components of gross national expenditures, public expenditures and private inventory investments did not show any encouraging rises but personal consumption, private home construction, and private plant and equipment investments continued to show steady increases.

Combined with a surplus recorded in receipts from abroad following deficits registered for five consecutive quarters, gross national product continued to show an annual growth rate of over 6 per cent.

As pointed out in the Economic White Paper for 1979, the overall growth trend centering around private demand has not shown any signs of a fall.

Productive activities continued to be active in July. Led by rises in output of precision instruments, transport equipment and industrial machinery, the composite mining and manufacturing production index showed an increase of 1.1 per cent (seasonally adjusted) over the previous month.

Concern for slowdown in demand
Now, let us take a look at

However, the currency in circulation in August again showed a significant increase of 3.4 per cent over the previous month, and it is believed that a recovery was recorded in personal consumption.

Receipts from Abroad: According to National Income Statistics, a surplus of receipts from abroad during the April-June period showed an increase

of 3.7 per cent in real terms over the previous quarter. This primarily reflected recovery registered in May and afterward in export volume due to the weakened position of the yen on international currency markets.

However, domestic demand is continuing active, and pressures for exports are not particularly heavy. It is also believed that the recession in the United States and the declines in purchasing capabilities of developing countries will worsen overall environments for Japanese exports.

city areas) in August dropped by 1.3 per cent below the previous month, and it was 2.7 per cent higher than in the same month of last year.

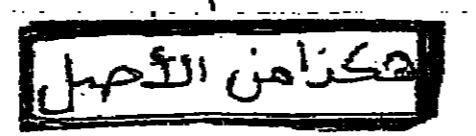
Another serious factor is the continued weakness of the yen on international currency markets.

The international bank with your interests at heart.

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The next DKB monthly report will appear Nov. 26.

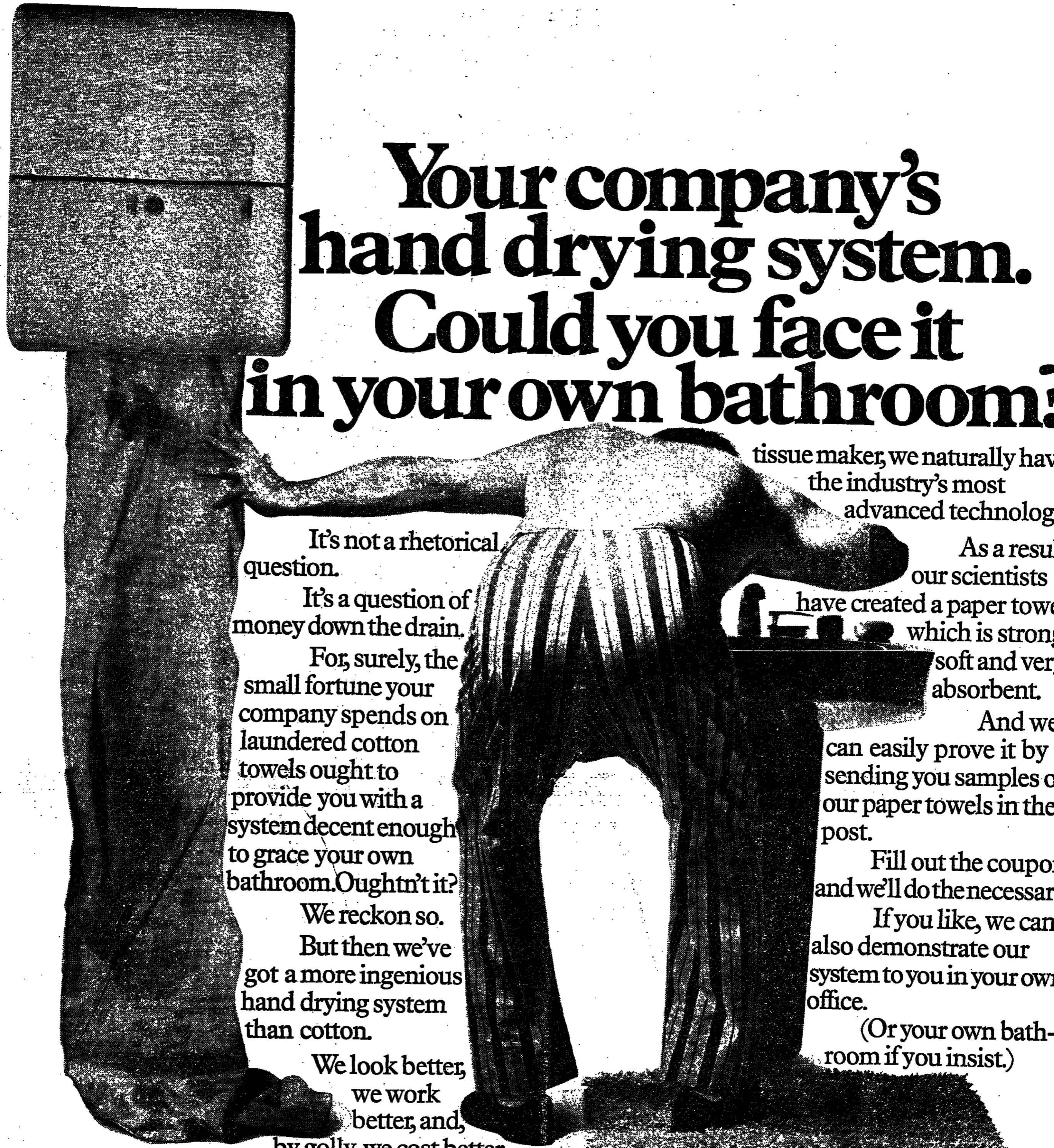


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AMERICAN NEWS

U.S. home savings industry gets extra liquidity

BY STEWART FLEMING IN NEW YORK

THE FEDERAL Home Loan Bank Board moved yesterday to allow extra liquidity into the savings industry amid fears that high interest rates will result in a severe outflow of funds from savings institutions.

The Board said that it will reduce from 6 per cent to 5½ per cent the proportion of the savings institutions' assets, which must be kept in easily realisable liquid form, a move which it estimated could free up to \$2½bn, some portion of which will be used for increased mortgage lending.

In September both savings and loan associations and mutual savings banks, the institutions which account for

the bulk of finance to the U.S. housing market, playing a role similar to British building societies, suffered savings withdrawals of \$1bn. Since then the Fed's October 7 moves have resulted in further dramatic increases in interest rates.

The increases have reduced the attractiveness of many of the schemes offered by the savings industry. Government regulations control the amount of interest the savings institutions can pay, with the exception of the special six months saving certificates, and have left the industry at a competitive disadvantage.

In addition, many savings institutions could not afford to

offer savers higher rates, since they have on their books a significant volume of fixed-rate home loans made when interest rates were far below current levels.

Some savings and loan associations and savings banks, including First Charter Financial Corporation, the third largest association in California which is the nation's biggest housing market, have stopped making new loans.

Earlier this week Gibraltar Financial, another large California concern, raised its lending rate to 14 per cent.

These moves, which are mirrored elsewhere in the U.S., have resulted in fears that the

housing market, which has maintained a new start rate of around 1.8m units a year so far in 1979, could face a drastic cut in activity.

Current forecasts suggest that starts in 1980 could slump to 1.5m units, and this reduction in new building is enough to have a depressing activity on the economy.

The U.S. Savings and Loan League, a trade association, has said that withdrawals of funds from members could run at a net \$1bn a month for the next few months if interest rates remain at current high levels.

Federal regulatory agencies say that for some months they have been making contingency plans to deal with prospective

failures of thrift institutions unable to cope with a profits squeeze and a net outflow of deposits.

Yesterday's action is designed to try to ensure that the impact of high rates on the housing industry is not too drastic, and that the burden of tight money is spread evenly through the economy, a goal which is bound to appeal to the Carter Administration.

Earlier in the month President Jimmy Carter told construction union officials that he would not fight inflation with construction jobs, but high mortgage interest rates and inadequate housing finance are not a political asset in an election year.

Canadian banks raise prime rate

By Victor Mackie in Ottawa

FOR THE fourth time in the five months since the Progressive Conservative Government was elected, the Bank of Canada has raised the discount rate. This key interest rate yesterday went up a full percentage point to a record 14 per cent.

At the beginning of last year it stood at 7½ per cent.

The Royal Bank of Canada in Toronto announced that its prime rate would rise one percentage point to 14.75 per cent today in response to the central bank's action and the Bank of Montreal announced a rise to 15 per cent.

Chrysler hopeful that workers will treat it gently

BY IAN HARGREAVES IN NEW YORK

CHRYSLER, the beleaguered U.S. car maker, was hoping yesterday for the first solid promise in a series of pledges essential for its survival in the form of a moderate new pay contract with its labour force.

As a deadline set for completion passed without a settlement yesterday observers remained confident that the settlement would treat Chrysler gently, offering it savings of more than \$100m over the three year contract, compared with the other contracts negotiated with the other car manufacturers.

that even with federal loan guarantees, Chrysler's future is far from secure. Others appear to be holding out for a stronger commitment by the company to scaling down its product range.

It does not appear to be in the interest of the banks, however, to prevent a halting operation. Currently over \$4bn is outstanding in credit between the banks and Chrysler and Chrysler Financial, although almost half of this credit is provided by foreign banks. Only one group of foreign banks—a Japanese syndicate—has so far said it wants to pull out.

A constructive attitude by the workforce has been regarded by the Federal Government as a vital first step in clearing the way for it to announce loan guarantees to enable the company to survive a period of heavy losses and even heavier capital commitments in developing its model ranges for the 1980s.

Strong feelings have also been expressed in a Congressional sub-committee reviewing the Chrysler affair that the Chrysler workers, among the best paid in the U.S., should share some of the financial sacrifice necessary to keep the company going.

It is now clear that the Chrysler saga is moving swiftly to a head with only the banks attitude to a rescue still unclear.

It is known that some of the smaller banks involved in the syndicate, extending credit to Chrysler and its financial subsidiary have already pulled out, but it is not certain how significant is the disharmony among the bigger banks.

Some banks are known to feel

Chrysler supporters are also now confident that the company will be extended additional credit for up to \$175m by the state of Michigan, possibly secured by a mortgage on part of the company's property.

Other states which stand to suffer from a Chrysler shut-down are considering similar measures.

Two Bills are now almost ready for the Senate and House of Representatives, each seeking to authorise an unspecified amount of aid for Chrysler. The Senate Bill is slightly tougher, ruling out direct grants to the company and suggesting that a quarter of any federal loan guarantees should take the form of an employee stock participation plan.

This last idea, which is becoming increasingly fashionable, is designed to give employees benefit from any future appreciation in Chrysler's stock value, without exposing them to any financial risk.

St. Vincent faces lonely battle

BY TONY COZIER IN BARBADOS

WHEN the impoverished Caribbean island of St. Vincent (pop: 105,000) gains its political independence from Britain this weekend, it will join its three neighbours in the Windward Islands — Dominica, Grenada and St. Lucia — in combating acute problems of development. But like them, it will fight its battle alone.

For the past ten years the island has occupied a kind of constitutional "half-way house" between complete dependence and full autonomy, having no say in either its defence or its foreign affairs. Behind this "associated state" arrangement, devised by Britain shortly after the collapse of the West Indies Federation, was a hope that the smaller islands of the Windwards and Leewards would eventually link up.

Now the idea has been proved a pipedream, and the islands are going their separate ways. Dominica, Grenada and St. Lucia have all preceded St. Vincent to their new constitutional status. This Saturday the

Duke and Duchess of Gloucester will be representing the Queen as the Union Jack is lowered with all due pomp and ceremony and a new blue, yellow and green flag takes its place.

The four islands are remarkably similar. They are all small, in every sense of the word — size, population and resources. They have economies heavily reliant on agriculture, with bananas and coconuts as the main export crops. And they are all seeking overseas aid and investment from wherever they can find it.

For St. Vincent's Premier, Mr. Milton Cato, and his Government, the position is not improving. The population is growing at nearly 1 per cent annually, pushing an increasing number of young people into the labour force, close to 20 per cent of whom are already unemployed. The average per capita income of US\$ 250 annually remains one of the lowest in the region.

In addition, the entire social and economic life of the island was thrown into a state of dis-

array last May with the eruption of the active Soufriere volcano, 20 miles north of the capital, Kingstown. Although no lives were lost, a large area around the volcano had to be evacuated for two months, bananas plants and other agriculture produce were badly damaged by ash, and the Government had to spend more than US\$ 30,000 daily to keep refugee centres going.

Agricultural exports — bananas, coconuts, arrowroot and vegetables — were reduced by a half or more. Only now are they beginning to pick up again. As agriculture provides over two-thirds of all employment and contributes more than 20 per cent to the gross domestic product, the disruption to an already shaky economy can be readily appreciated.

There are a few encouraging signs, however. The damage from Soufriere was nothing like the destruction wrought by Hurricane David in neighbouring Dominica, and production in all sectors should be back to normal next year.

The Banana Association is confident that the revival in its fortunes in the period immediately preceding the volcano will continue and that production, over 90,000 tons in 1978, will go on rising, along with revenue from exports. These go solely to Britain, and were worth just over 9m East Caribbean dollars (\$1.55m) in 1975. This year's figure was expected to be 20m East Caribbean dollars (\$3.44m) until Soufriere erupted.

St. Vincent is the world's major producer of arrowroot, used mainly in the manufacture of baby foods and cosmetics. After a decline in the 1960s, it has been boosted by its use in the manufacture of computer paper and is in such demand that two new factories have been built. The acreage under cultivation is expected to rise from about 1,000 at present to 1,500 by 1981.

St. Vincent's two nearest neighbours, Grenada to the south and St. Lucia to the north, both have Leftist Governments



now on the former by coup d'etat, the latter by ballot. Victory for the United Workers' Party at the polls would bring in an administration of far different political persuasion to Mr. Cato's, which has encouraged private enterprise and foreign investment.

Most observers still believe Mr. Cato will retain power. Yet Western aid donors and private investors will want to wait until he does before they hand out money.

Carter fund-raiser defects to Kennedy

BY OUR WASHINGTON STAFF

PRESIDENT Jimmy Carter's chief fund-raiser in his successful 1976 election campaign is to be national financial director for Senator Edward Kennedy's bid for the White House next year.

Mr. Morris Dees, an acknowledged expert at political fund-raising, told the Los Angeles Times that while he still had "great respect" for the President, "I'm philosophically more comfortable" with Senator Kennedy.

His defection is likely to aid the Kennedy campaign. White House strategists believe that in the complicated business of winning an election, especially operating under the new laws limiting financial contributions to candidates, the Kennedy team, which has not, by and large, been involved in a national election for more than ten years, would know less than the tested Carter apparatus.

Mr. Dees can clearly be expected to fill that practical gap. He was notably successful



Senator Kennedy... gains practical help.

in the spring of 1976 in keeping the Carter campaign financially afloat when federal funding of candidates was temporarily held up by a court challenge.

Robert Gibbons in Montreal adds: The split in prime lending rates among leading banks in the day when the Canadian Imperial Bank of Commerce, the country's second largest, and the Toronto Dominion Bank moved their prime lending rates to 14.75 per cent, up a full point, but the Mercantile Bank and the Continental Bank followed the Bank of Montreal in raising the rate to 15 per cent.

There was also a split in the key deposit rate on non-checkable savings accounts. Toronto Dominion went up to 12½ per cent, Bank of Montreal to 12 per cent, CIBC to 12 per cent and Royal to 11½ per cent. Banking sources said money market conditions would bring about a harmonisation of rates, perhaps within a day. Many see the prime rate stabilising at 15 per cent and the deposit rate at 12½ per cent.

The Canadian Government has introduced its promised Freedom of Information legislation, which is expected to pass swiftly through Parliament. The Bill creates a new post of Information Commissioner, who will have as wide access to Government documents as the Prime Minister.

He will be called upon to act whenever a government department, or any of the non-commercial Crown corporations—denies information to a Canadian citizen. After examining the files, the Commissioner will decide whether or not the information is restricted. If he decides not to release the files, the citizen will be able to take his case before the Federal Court.

Areas in which information will be restricted include secret agreements between the Federal Government and the provinces or foreign states; information which might hurt the defence of Canada; information relating to crime detection and law enforcement and personal information concerning specific individuals.

The Act effectively stops disclosure of financial, commercial or technical information, but specifically omits references to terms such as national security.

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مكزامن الاصيل

Japan expands its share of world shipbuilding

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

ORDER BOOKS in Japanese shipyards have made a sharp recovery during the summer months and there are growing indications that the country's shipping and shipbuilding industries are set to survive the present depression and expand in the 1980s.

These are the conclusions of two reports published yesterday which show that Japan is increasing its domination of the world's shipbuilding market and is gaining an expanding share of available orders as demand begins to improve.

The Japan Ship Exporters' Association reported that orders booked by its shipyards between April and September more than doubled those received for the same period last year.

At the same time, Lloyd's Shipping Economist estimated that Japanese shipbuilders booked 53 per cent of the world's total new orders between July last year and this August.

In both May and August this year, the percentage rose to around 63 per cent, says the journal. It warned that the country's carefully directed and shimmied-down shipbuilding industry could be on course for another collision with its rivals in Western Europe.

According to the Japan Ship Exporters' Association, orders were booked in the six months between April and September for 106 ships totalling 2.29m gross tonnes which was more than the total for the whole of the previous 12 months.

By next March, the total for the 1979-80 financial year is expected to rise to 3.5m gross tonnes, against only 1.54m two years ago.

Between April and September this year, tanker orders were the largest in terms of tonnage, accounting for 37 vessels totalling 1.34m gross tons followed by 39 bulk carriers totalling 810,000 gross tons.

Nearly half of the orders were from Hong Kong, while U.S. shipowners totalled 16.2 per cent.

These Japanese figures dwarf orders received by other countries, although, on a much lower scale, UK shipyards' order books have now started to improve.

British Shipbuilders' last official statistics for the six months to June showed that 17 ships totalling 96,000 gross tonnes had been ordered. But in the past eight weeks, it has gained orders for a further 18 ships.

On Japan's shipping industry, Lloyd's Shipping Economist's report says that the fleet now stands at 66.8m dwt, second only to Liberia.

When ships of front companies in countries such as Singapore and Hong Kong are included, the Japanese total extends to a further 15m-20m dwt.

Protectionist moves 'will grow'

BY DAVID FREUD

THERE IS likely to be an increase in pressure for protectionism in the coming years, according to an article published today in *The World Economy*, the journal of the Trade Policy Research Centre.

Mr. Hugh Corbett, London director of the centre, says: "It is possible and probable that in the coming decade upswings in economic performance will be relatively brief, generating inflationary pressure sooner than was the case in the 1960s, and that cyclical downswings will be more prolonged than they were in the same period, reflecting the greater persistence of inflation. What this spells is an increase in protectionist pressures."

For this reason the annual meeting next month of the signatory countries of the General Agreement on Tariffs and Trade

(GATT) will be more than usually important.

"It will be the first test, following the Tokyo Round of multilateral trade negotiations, of the willingness of governments—especially those of the major trading powers—to work together in a concerted way on the further repair of the international economic order."

Mr. Corbett says that a shift from excessive reliance on discretion towards greater reliance on rules is most important in those areas of government which affect international business.

"The declining observance of GATT rules, and the efforts to rewrite them in a manner increasing the scope for administrative discretion, is a threat to economic growth and stability in the established industrialised countries."

AP adds from Geneva: Chile yesterday became the first country formally to sign part of the Tokyo Round multinational trade agreement, negotiated here over six years and initiated last April by the main industrialised states.

The other Tokyo Round participants, including the principals, the U.S., the European Community and Japan, who were the driving force behind the talks, have yet to sign.

While the U.S. is ready to sign, having obtained Congressional approval last summer, the Community still must get formal final consent from the Council of Ministers meeting in Brussels on November 6. Ratification by the Japanese Diet is not expected before the end of this year.

The World Economy, Trade Policy Research Centre, 1, Gough Square, London, EC4A 3DE.

Netherlands car sales 'could fall this year'

By Charles Batchelor

CAR SALES in the Netherlands—composed almost exclusively of imports—could fall this year for the first time in five years, according to Motor Industry Association (RAI) figures.

Sales in the first nine months of 1979 fell 2.4 per cent to 464,495 compared to the same period last year.

Government plans to increase the special purchase tax on cars from next January may result in motorists buying in November and December cars they would otherwise have not bought until next year.

The increase in this tax would lead to a 2 per cent rise in the price of cars costing £10,000-22,000 (£2,400-£5,200) and 5 per cent in the price of more expensive models.

Registration figures show that the decline was particularly strong in August and September.

Sales by BL fell 26 per cent to 12,455. Apart from the recently-introduced Innocent range, only the Land-Rover and Range-Rover series increased sales.

General Motors regained its position as the top-selling company with 74,856 registrations.

SOUTH AFRICA FORGES LINKS WITH LATIN AMERICA

Search for new markets

BY BERNARD SIMON IN JOHANNESBURG

SOUTH AFRICAN traders' efforts to lessen their dependence on traditional markets in Europe and North America have prompted a surge of interest in Latin America.

The formation earlier this year of a South Africa-South America Chamber of Economic Relations and the visit of a 13-man trade mission to five South American countries are evidence of the eagerness with which trade between the two areas is being promoted. A Government-sponsored exhibition of South African products in Buenos Aires is planned for next July.

Trade figures reflect this growing interest. Exports to Brazil, consisting mainly of fertiliser and phosphoric acid, totalled Rand 23.8m (£12.8m) in the first three months of 1979, compared to Rand 19.8m (£11m) in January-March 1978. Sales to Chile rose from Rand 0.7m to Rand 4.7m, and to Argentina from Rand 2.5m to Rand 3.7m. Imports from these countries also increased slightly.

In proportion to South Africa's total foreign trade, however, the South American markets are still small. Two-way trade with Brazil, the most valuable trading partner in the region, reached R110m last year, only about 5 per cent of South Africa's trade with Britain.

But the South American links

cannot be measured simply in money terms. Mr. Gawie Yssel, chairman of the Chamber of Economic Relations, points out that fears of trade sanctions mean that "South African exporters are more conscious of threats to their traditional markets now."

Trading with most South American countries has few political worries. Indeed, closer political ties are a major factor behind the export drive. The visit of Mr. John Vorster, the former Prime Minister, to Uruguay and Paraguay in 1976 brought substantial business for South African companies, including the sale of heavy road construction machinery, trucks and wine to Paraguay, and a share in the construction of a fish processing plant in Uruguay.

South Africa provides considerable technical assistance to these countries, and has also started buying sizeable quantities of leather from them.

South America's attraction to South African exporters has been further enhanced by the loss of their valuable Iranian market. AECL, the local affiliate of ICI, now sells in Latin America much of the PVC (polyvinylchloride) previously shipped to Iran. Glass and steel are among the other items

which have been diverted to countries such as Chile and Argentina.

South Africa's main exports to Latin America have in the past been capital goods. A local company, Concor Construction, is part of the consortium building the \$500m Majes irrigation scheme in Peru. It has opened an office in Buenos Aires.

South African companies are said to be interested in participating in a hydroelectric scheme in Chile, and in several other projects in Bolivia, Argentina, Paraguay and Colombia. GATX-Fuller is at present putting the finishing touches to a cement factory in Uruguay.

A feature of trade over the past year has been the sharp increase in sales of consumer goods. This is attributed to the relaxation of import controls by some of the countries in the region, especially Argentina and Chile. Clothing, textiles, canned fruit, and domestic insecticides are among the products for which markets have recently been found.

Shipping services have also improved. Unicom, a South African-owned line, started a regular service to west coast ports last year, and says that volumes on that route have increased "dramatically."

The biggest growth area in economic links is tourism. Aero-

lines Argentinas and South African Airways put on 37 special flights in the first three months of this year to bring over 11,000 tourists across the South Atlantic.

During the first five months of 1979, 13,150 Argentinians visited South Africa, 65 per cent more than in the same period last year. Increasing numbers of Chileans and Uruguayans are also joining the tours.

Dr. Carlos Sosa, Aerolineas Argentinas general manager in Southern Africa, says: "We started from practically nothing in 1976. There has been an explosion in traffic. South Africa is now our fastest growing route."

South Africa's major attraction is cheap shopping. Cameras, radios, clothing and jewellery can be bought in Johannesburg for half the prices charged in Buenos Aires. A three-week trip, with five-star accommodation costs around \$2,000, including air fares.

The tourist boom is likely to continue, with some 21,000 holiday-makers from Argentina due to arrive next year. Aerolineas Argentinas has doubled its regular Buenos Aires-Cape Town services, while South African Airways recently introduced wide-bodied aircraft on this route to cater for the fast-rising demand.

U.S. wheels order for GKN unit

By Lorne Barling

GKN KENT ALLOYS has won two orders worth about £3m to supply aluminium road wheels to the Chrysler Corporation and Ford of the U.S.

The orders are regarded as an important consolidation of the company's presence in the U.S. market, where wheels of this type are becoming increasingly popular since they are light and contribute to fuel economy.

They will be fitted to the 1981 Detomaso version of the current Chrysler Omni/Horizon, the current Ford Thunderbird, and to the 1981 Ford Erica/Pinto, which is part of the new generation of smaller cars for the U.S. market.

The company also regards the order as encouraging since the same companies bought wheels of the same type valued at £4m last year, and it is hoped that this will become a regular export outlet.

Although a small number of U.S. companies manufacture a similar product, European use of lightweight wheels is more common and GKN believes the order was won on price and quality.

Chairman Hua pays visit to German Airbus plant

BY ROGER BOYES IN BONN

CHAIRMAN Hua Guofeng, the Chinese leader, yesterday toured the European Airbus production facilities of Messerschmitt-Boelkow-Blohm (MBB), underlining his country's interest in updating its civil air fleet.

The visit comes shortly after an announcement that an MBB team would visit China to discuss the purchase of the A-300 Airbus. The trip is understood to involve preliminary talks rather than detailed negotiations.

MBB already has broad links with China and has signed an agreement providing for co-operation in the development of television satellites for China. Under the accord, MBB is to manufacture the first three satellites while the Chinese will increasingly take over more of the production.

China is clearly interested in following the same pattern in its

aircraft production but the pressing need to renew its ageing fleet of Soviet-built Antonovs and Ilyushins has meant that plans for complete aerospace self-sufficiency have been delayed somewhat.

The MBB trip is the latest of a string of visits from Western aerospace representatives to China this year. Earlier this month, McDonnell Douglas representatives visited Peking. They appeared to be near to a deal which would involve the assembling of the company's latest model, the DC-9 super 80 in Shanghai. The proposed deal also provides for the outright purchase of a number of complete aircraft.

It is expected that a similar sale-and-assembly deal will be discussed by MBB executives in Peking in the talks with machine-building ministry officials.

New advertising outlet

BY DAVID HOUSEGO

A SECOND advertising agency willing to place advertisements from foreign corporations in Chinese publications and on television has opened in China.

According to Xinhua, the official China news agency, the

new company will serve publications and television and radio in Peking and Northern China. The first advertising agency to open was in Shanghai.

The Peking agency will also arrange for bill-boards, posters, neon lights, photographs in business centres and theatre advertisements.

Xinhua says that the company has commercial artists, photographers and translators.

Bank of China leads HK loan

HONG KONG — The Bank of China is one of three lead managers in a HK\$57m (£51m) 10-year loan for China Cement (Hong Kong). The other lead managers are Chase Manhattan Asia and the Hongkong and Shanghai Banking Corporation, with Chase acting as agent.

China Cement is 20 per cent owned by a Peking-controlled company, Kiu Yip Investment Corporation. Kaiser Cement of the U.S. has a 40 per cent stake in the company. The loan is to help finance construction of a HK\$1bn cement plant at Tap Shek Kok in the New Territories of Hong Kong.

Renter

India's imports soar 22%

By K. K. Sharma in New Delhi

INDIA'S export earnings fell by 1.35 per cent in August compared to the same month last year. Imports, however, soared by 22 per cent, according to provisional trade figures released by the Ministry of Commerce.

Despite the August performance, exports in the first five months of the financial year, increased by about 18 per cent.



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UK NEWS

Fresh evidence in fraud allegation

Financial Times Reporter

NEW EVIDENCE has come to light to support allegations of a "bare-faced fraud" concerning exotic Eastern oils which turned out to be water. A High Court judge was told yesterday...

Mr. Phillips said that it had been the practice for a portion of the price to be met through letters of credit, with the balance being paid against documents which had to be sent to the UK...

State airline set for low fare challenge

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AIRWAYS does not intend to be diverted from "the greatest expansion programme in its history" by the new European low fare route applications...

Public hearings into the independent airlines bids began before the Civil Aviation Authority in London on Wednesday...

Mr. Roy Watts, chief executive of British Airways, reaffirmed his airline's intention to press ahead with its £2.4bn re-equipment plans...

Mr. Watts said the airline could offer a product superior to any now offered by the independent airlines...

Britain uses 5.4% more energy but oil deliveries fall by 3%

BY RAY DAFTER, ENERGY EDITOR

BRITAIN'S energy consumption rose by 5.4 per cent in the three months between June and August, in spite of Government pleas for greater conservation...

figures, still to be published, indicated that deliveries of oil products in September were 3 per cent down on last year...

increase (1.9m tonnes) was due to a rise in the amount of coal burned in power stations...

Slater's conscience 'clear' after £225 fine

By James Bartholomew

MR. JIM SLATER, the former chairman and chief executive of Slater Walker Securities, was convicted yesterday on 15 charges of breaking section 54 of the Companies Act...

His conscience was clear, he said. He believed the Department of Trade had put the matter before the law on section 54 was not...

Verdict changed

The magistrates who yesterday found Mr. Slater guilty had found him innocent on the same charges in 1977. They were instructed to change their verdict last March by the divisional court...

Woolwich predicts record mortgage rates next year

BY MICHAEL CASSELL

RECORD mortgage rates throughout next year and further large increases in house prices were among the predictions yesterday by the Woolwich Building Society...

Sir Oliver Chesterton, chairman of the Woolwich, said in London that it now seemed "inevitable" that the recommended 12 1/2 per cent mortgage rate...

But short-term market rates are still at nearly 14 per cent and our gross share rate is 12 1/2 per cent. So the logic of market forces on the one hand and hopes of no increase in mortgage rates on the other just cannot be reconciled...

BL plans £1m cruises to launch the Metro

By Kenneth Gooding, Motor Industry Correspondent

BL plans to spend £1m taking its dealers on short luxury cruises to introduce its Mini Metro next year...

Some of the launch plans became known yesterday, illustrating once again the way BL's other problems are being compounded by a steady leak of confidential commercial information...

A BL spokesman said that the potential costs compared favourably with those other car manufacturers are incurring in similar circumstances...

"Using a cruise liner will be cheaper than taking dealers to a foreign country."

At another major car manufacturing group — which a spokesman asked not to be identified — it was suggested last night: "It seems remarkably little to spend on a car as important to BL as the Metro will be. They have just got to make it a success to survive."

"Folly" says MP It is common practice for motor manufacturers to maintain contact with their dealers through trips which combine business with pleasure. It is also usual for the dealers to share in the cost, as will happen with the Metro launch...

There was predictable reaction to news of the BL scheme last night. Mr. John McWilliam, Labour MP for Blaydon, tabled a Commons question to Industry Secretary Sir Keith Joseph...

Mr. Alan Curtis, joint chairman of Aston Martin, one of the companies in the consortium, said yesterday that the 419 BL dealers in the U.S. were worried about the planned shutdown because the MG accounted for about half their turnover...

New moves to improve home grants efficiency

FINANCIAL TIMES REPORTER

THE GOVERNMENT will shortly announce moves aimed at raising the effectiveness of the home improvement grant system...

Mr. Stanley, who was presenting the National Home Improvement Council awards to local authorities at a London ceremony, said that the proposals, expected to be contained in the forthcoming Housing Bill...

Mr. Stanley confirmed the Government's intention to introduce, as part of its "tenants charter," measures putting public and private sector tenants on the same footing as owner occupiers by putting them on par for improvement grants...

\$2.5m windfall for Manchester

MANCHESTER is a considerably richer place after the sale yesterday in New York, at Sotheby Parke Bernet, of a painting "The Icebergs" by the American landscape artist Frederic Church...

SALEROOM

BY ANTONY THORNCROFT

It was bought by an American collector, bidding by telephone, for \$2.5m, making it the third most expensive picture ever bought at auction and the most expensive ever disposed of in the U.S. It was sold by the Social Services Department of the City of Manchester...

looked because Church does not feature in the lists of British artists of the period but his signature meant something to the man from Sotheby's. Even so the price was about twice the pre-sale forecast...

Its value had been over-looked because Church does not feature in the lists of British artists of the period but his signature meant something to the man from Sotheby's. Even so the price was about twice the pre-sale forecast...

EXCHANGE CONTROLS AND THE INTERNATIONAL COMPANY

Howe removes all exchange controls

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

ALL REMAINING British exchange control restrictions have been removed by the Government. This takes effect today...

The announcement, which was unexpected, was made to the Commons yesterday by Sir Geoffrey Howe, Chancellor of the Exchequer. He said the controls had "outlived their usefulness" after slightly more than 40 years' existence...

most reached early in 1977 between the Government and overseas monetary authorities, mainly in the Middle East. That was designed to prevent any rise in such official balances after the sharp fall in 1976...

The extent of the changes is much more radical than expected in the light of the Government's commitment to a progressive dismantling of controls. In the June Budget and in mid-July the Government removed all controls on financing outward direct investment and announced the first significant steps to liberalise outward portfolio investment, principally affecting EEC securities...

Exchange Controls have been retained for the time being, although in practice they have been almost entirely inoperative since the early 1970s...

The Bank is holding the savings of about 200 million pounds through natural exports since the summer, when new recruitment was stopped. Many exchange control staff will be transferred elsewhere in the Bank...

Financial Times Wednesday 24th October 1979

Following the lifting of UK exchange controls, international finance has become more flexible — yet more uncertain. If you have already called, or are about to call, a meeting to discuss and understand what this latest change means to you as an international company — Marine Midland Bank's International Treasury Management group can help you...

We have the experience and expertise to help you determine what is best for your company.

TELL IT TO THE MARINE

MARINE MIDLAND BANK

For more information please contact Stewart Humphrey or David Pinchin at Marine Midland Bank International Treasury Management Group 34, Moorgate, London EC2R 6JR 01-625 3883/01-625 3884

Oil companies seek merger

BY RAY DAFTER AND CHRISTINE MOIR

THE PROPOSED merger of London and Scottish Marine Oil (LASMO) and Oil Exploration (OIL) is a landmark in the history of two small but successful independent companies which decided to join the risky race of North Sea oil exploration...

Their success arises largely from a common policy to join exploration consortiums headed by much bigger and more experienced oil groups. Their continued presence in the North Sea is a reflection both of the oil discovered and — in LASMO's case — some fairly ingenious financing arrangements...

The fact that LASMO is making the running in the merger talks indicates that it was the first of the two to make a commercial oil discovery, one which is now providing it with revenue to finance expansion...

The find was in the Ninian field, which is one of the biggest in the UK sector with estimated recoverable reserves of 1.2bn barrels. LASMO's present share of this discovery is 7.8 per cent, or about 94m barrels...

The field, operated by the U.S.-based oil group Chevron, was discovered in 1974 — just a few years after the birth of LASMO's parents: London and Scottish Marine (1971) and Scottish Canadian Oil and Transportation (1970). SCOT became a wholly-owned subsidiary of LASMO in January 1977 at the height of the \$3.3bn North Sea development boom...

which is in the final phase of reserve evaluation, might well decide to start a development project next year. This would enable some of the oil to be exploited in 1983 or 1984. However, like Ninian, it will be a costly development, probably requiring an investment of more than \$1bn...

Like LASMO, Oil Exploration has expanded its interests overseas. In 1976 it acquired Bates Oil Corporation of Delaware, which has oil producing properties in the U.S. mid-continent and an exploration concession in the Netherlands...

On the following day (October 9), its shares had moved up 6p to 482p giving an overall market value for the company of \$88m or so. By yesterday, when the shares were suspended at 535p, the value had risen to \$95.6m...

More significantly, Oil Exploration has an 8.5 per cent interest in the "T Block" — block 16/17 north east of Aberdeen and close to the UK/Norwegian median line. The consortium, operated by Phillips, contains at least three fields: Tiffany, Thelma and Toni together they contain appreciable oil reserves which are almost certain to be exploited...

for last year compared with prospects for this. In 1978 LASMO was still running losses of £12.4m while Oil Exploration's profits were just ahead of the previous year at £1.6m...

For the current year, oil analysts at stockbrokers Wood Mackenzie are looking for £2.6m from Oil Exploration but a true swing into profits of £23.5m or so from LASMO now the Ninian Field is in production...

LASMO has already produced its first dividend — 11.8p — for holders of the special oil production stocks which gave it its first finance. And ordinary shareholders will only have to hold on to the end of next year for their initial rewards...

It is no coincidence that LASMO has picked this moment to build up its position by acquisition. Over the years it has had to take some real gambles to get its development finance — borrowings currently amount to £131.5m — but it has paid off. In particular, its main asset, the share in the Ninian Field, has been preserved...

Che... forc... ITV's... will be... Sunday... for Bessel...

مكتباتنا للتعليم

Cheap U.S. fibre imports force ICI to cut jobs

BY SUE CAMERON, CHEMICALS CORRESPONDENT

CHEAP IMPORTS from the U.S. are forcing Imperial Chemical Industries to further reduce its fibres division workforce. The group has warned staff that because of "unprecedented outside market forces" the division faces a choice between employing "a significantly smaller number—or no people at all."

ICI fibres division, which is based at Harrogate with major factories at Pontypool, Doncaster, Gloucester and Kilroot in Northern Ireland, employs 10,200 people—7,500 fewer than in 1972 when a rundown of the workforce was first started.

Mr. John Lister, chairman of the division, told a staff conference earlier this month there was an urgent need to make further big savings throughout the business. "This meant there was no alternative to extending and accelerating existing plans to reduce the number of employees."

The workforce was already being cut at the rate of 4 per cent a year. This was being done through natural wastage and there had been no enforced redundancies. But now the pace of the reduction would have to be increased quickly.

A number of successful measures to improve the division's efficiency—including major increases in productivity—had

been offset by an "unpredictable series of events in the market place."

Chief of these was the increase in U.S. exports to the European fibres market—particularly the UK. U.S. exports were affecting the volume and the price of ICI's products. They would have a major impact on the division's 1979 trading results.

Tenfold rise

U.S. fibre producers, faced with a depressed home market and a weak currency, started to increase exports to Europe at the end of last year. Favourable oil prices in the U.S. enabled them to operate with raw materials costing about 33 per cent less than in the UK.

The result was that U.S. exports of polyester filament yarn to the UK were four times higher this year than in 1978. U.S. exports of textured polyester yarn increased tenfold over the same period.

Imports of finished carpets from America were also ten times greater this year than last year and there had been a big rise in the amount of knitted and woven fabrics being imported from the U.S.

Representations had been made to the European Commission and to the UK Government

JOHN ELLIOTT REPORTS ON CLASHES LIKELY OVER THE INDUSTRY BILL

NEB prepares objections

THE NATIONAL Enterprise Board is likely to delay most of its £100m sale of assets in companies such as Ferranti and ICL until next February or March. It has discovered legal snags which may not be cleared up until the Government's Industry Bill, published earlier this week, has become law.

There is also doubt about whether the NEB has the statutory authority to hand over the £100m to the Treasury before enactment of the legislation, even if it did dispose of the necessary assets. The Government could compensate for this by holding back the NEB's regular tranches of public funds to balance the value of any sales.

At the same time, Sir Leslie Murphy, chairman of the NEB, is squaring up for a battle of wits with Sir Keith Joseph, Industry Secretary, over one particular clause in this week's Bill which he believes will seriously hinder him in negotiating the sort of joint deals with the private sector which Sir Keith favours.

The NEB has not yet made a formal detailed response to the Bill, which enlarges on basic policy decisions announced by Sir Keith in July. But it is already clear that the NEB believes Sir Keith is seeking powers of intervention in the affairs of the board's companies, despite the Government's basic opposition to Ministers' intervening in industrial affairs.

The primary points about the sales is that the NEB's existing statutory duty is to extend public ownership. The new Bill requires it to "promote private ownership of interests in industrial undertakings by the disposal of securities and other property."

Sir Leslie has always objected to the NEB being forced to buy or sell companies. He especially objects to Sir Keith's demand first for the £100m sales and then for further sales of companies which do not fit into the NEB's limited high technology and small firms' roles, and which are not "lame ducks."

Sir Leslie has argued that the forced sales could mean the NEB would make a loss on its entrepreneurial activities. This would do its image no good and could make it difficult for it to hire and keep bright staff.

He has also said he would not be prepared to make widespread sales until the Government publishes the NEB's new financial targets and statutory guidelines—expected within the next month.

But now the NEB has gone further and told the Government that its legal advice (obtained with the help of Industry Department civil servants) is that until Parliament changes the law, it should sell only assets in companies where it considers this to be commercially sensible for the companies concerned.

Not surprisingly, Sir Leslie

is refusing to spell out what this means in particular subsidiaries which are likely to be sold to raise the £100m—ICL, Ferranti, Fairley and Brown Boveri Kent.

There are no signs of any sales in the next few weeks, although there may be some before the end of the year if commercial conditions are right. It seems unlikely, however, that the £100m target will be raised before the new Bill becomes law.

The main point of intervention in NEB affairs which appears to be annoying Sir Leslie is that the Bill enables Sir Keith to direct the NEB to sell its companies to the Government, the market in general, or to a specific outside bidder.

Sir Keith has not spelled out why he wants this power but he has said that he does not want it to be a problem either in legal or commercial practice.

The NEB believes that whatever the law may say, its prospective partners would be deterred from entering into agreements if it were possible for Sir Keith or his successors to intervene and direct them away from the NEB into a new and possibly unacceptable partnership.

Some NEB associated companies, apparently including Control Data Corporation of the U.S., have already contacted the NEB about this potential problem.



Sir Leslie Murphy, NEB chairman: battle ahead.

Sir Leslie is thought to object to a clause which gives the primary responsibility for appointing a chief executive to Sir Keith rather than to the NEB. This could be important if there were changes next July, when Sir Leslie might retire at the end of his current contract. The NEB believes the move could blur the functions of policy direction and executive management because the Bill also provides for the chief executive to be a board member.

The Government's response to this allegation of excessive interference in NEB affairs would probably be that Sir Keith is increasing the NEB's accountability to his Department and to Parliament, an issue raised by the former Conservative-led Public Accounts Committee before the general election.

Sir Keith might be hoping that some of his more outspoken critics among Conservative backbench MPs, who want the NEB killed off, may be placated if he has more powers to intervene in the NEB's executive decisions.

Nevertheless the fact that Sir Keith is seeking increased powers of intervention may lead to considerable tensions between the NEB and the Government in the coming weeks, especially if the NEB decides it should not sell major assets before the Bill becomes law.

ITV's best bets to win back viewers

BY ALAN FORREST

RACING THRILLS with Dick Francis, ex-champion jump jockey turned novelist, a six-part series on the micro-chip revolution and a frank documentary about the fight against alcoholism by Jimmy Greaves, the former soccer star, are among the goodies offered by independent television in its fightback into the ratings after the 11-week blackout.

Details of schedules for the remaining weeks of this year were released yesterday from London Weekend Television's South Bank headquarters—with a firm promise by Mr. Berkeley Smith, chairman of the Network Programme Controllers Group: "Definitely no repeats."

The Mighty Micro, to be seen on Mondays, is described by ATV, the makers, as "a programme which explains something crucial to the economic future of Britain." It was made by the late Dr. Christopher Evans, one of the world's top computer scientists. It replaces World in Action, which has been rested.

The Dick Francis series, on Wednesdays, is called The Racing Game. It was filmed in Yorkshire by Yorkshire TV with action on real race courses and concerns a private detective whose speciality is racing investigations.

Football commentator Brian Moore is branching out into documentary—as well as the programme on Greaves.

he will be presenting a profile of Kevin Keegan.

Other plans announced include a David Frost "special" which follows Bruce Forsyth's one-man show on Broadway from conception to birth, Freddie Starr's first series, a new series of the Giam family with Jimmy Edwards recreating his role on radio's Take It From Here, and Nureyev producing and starring in Giselle.

The first television play by James Cameron, top foreign journalist, The Sound of the Guns will be seen on Sunday, November 28. It is set in Cyprus during the troubles of the 1950s.

One of the programmes over which a cloud is cast is Search for a Star, "the first ITV talent show since the demise of Opportunity Knocks." The BBC is running a similar show, and it seems the format of the two shows is very similar. LWT explained that the blackout was responsible—its show should have been on the air before the BBC's.

What ITV describes as "returning favourites"—not repeats but new series—include The Muppets, Bless Me Father, Lingalongamox, and the Benny Hill Show and Mr. and Mrs.

There were smiling faces all round yesterday—not least in the Rose and Crown opposite LWT's headquarters, where the landlord admitted that he had lost a small fortune during the blackout.

Sunday Telegraph cash for Bessell censured

BY LISA WOOD

THE conduct of the Sunday Telegraph in making payments to Mr. Peter Bessell, the principal witness in the Jeremy Thorpe committal and trial, was severely censured by the Press Council yesterday.

But the council exonerated several other newspapers which also made payments to other people involved in the alleged conspiracy case.

The Press Council started its investigation into Press conduct immediately after the trial, and noted in particular, remarks made by Mr. Justice Cantley, in his summing up.

The guidelines, called "The Declaration of Principal on the Payment of Witnesses," were drawn up 13 years ago. It recommended to editors that no payment, or offer of payment, should be made by a newspaper to anyone who is expected to be a witness in criminal proceedings already begun, in exchange for a story or information until the proceedings have ended.

The council, in its report published yesterday said it passed the "severe" censure on the Sunday Telegraph for a flagrant breach of the declaration.

It said it condemned the newspaper for "reckless disregard" of the predictable consequences of making a contract with a witness in a current criminal case concerning matters connected with that case in terms bringing financial gain to the witness with further benefits

contingent on the outcome of the proceedings.

Mr. Peter Bessell, the former Liberal MP and principal prosecution witness in the Thorpe trial had a £50,000 agreement with the Sunday Telegraph giving them exclusive world rights to a book he was preparing on the Thorpe affair, which would start serialisation when the criminal proceedings against Mr. Thorpe and his co-defendants, was completed.

The council said the contract was made after the defendants in the Thorpe case had been charged and before the committal proceedings had begun.

The council said that Mr. Bessell's role as a witness at the trial and as an author were "inextricably linked."

Other newspapers' conduct examined by the council included the Daily Mirror, the Evening News, the Sunday People, the Daily Express, Evening Standard and New Statesman.

It did not comment on an article in the New Statesman, written by two Guardian reporters, under the heading: Thorpe's trial: How the Jury Saw It. Action against the magazine, for contempt of court, to be taken by the Director of Public Prosecutions, is pending.

The council said the "Thorpe Affair" was a legitimate subject for press inquiry and the Press performed a valuable role in informing the public about it.

TWA announces Airport Express.

Now you can get a boarding pass without even going to the airport.

You only have to spend five minutes at the airport to see how crowded it gets these days. At certain times of the day you can see as many as 30 people queuing at every available check-in desk.

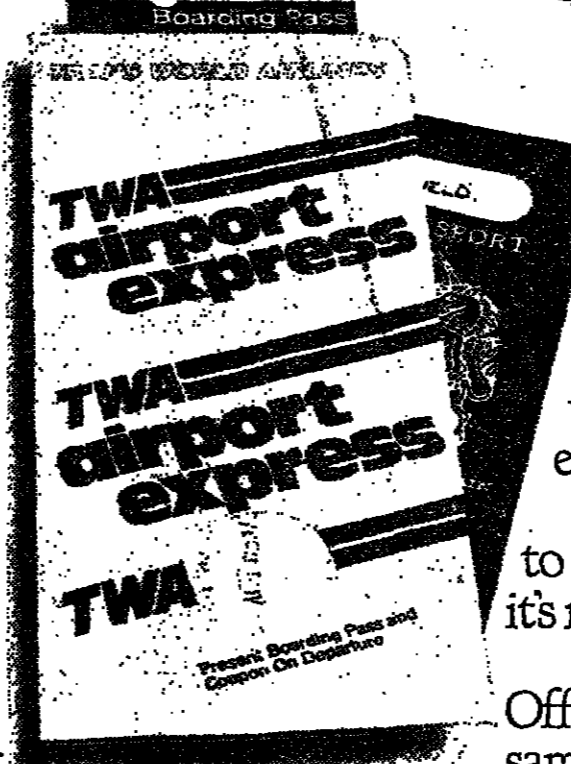
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When you book your trip with your travel agent you can now request your boarding passes and seat numbers in advance. Not only for your outward flight but for all the TWA flights you have to make on a trip to the States—outward, connecting and return flights.

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On your way back from the States, at any of the 50 cities served by TWA, you can simply check in your baggage at the kerb-side.

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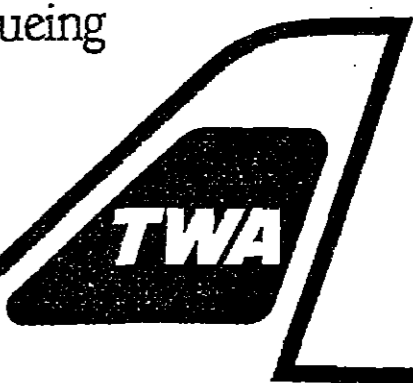
We think you'll like TWA's new Airport Express service. Unless, of course, you're one of those people who enjoys queuing at airports.



CHOOSE YOUR SEAT WHEN YOU MAKE YOUR BOOKING.



DROP YOUR BAGGAGE WITH A TWA REPRESENTATIVE AT THE KERB.



You're going to like us

Rockwell in Scottish talks

ROCKWELL International Corporation and the Scottish Development Agency are holding talks which could lead to the establishment of a £20m micro-electronics plant in Scotland during the next 18 months, the agency said.

The agency hopes for an agreement to be reached in the next few months. The negotiations with Rockwell follow two U.S. tours by the agency in recent months to attract investment to Scotland.

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The Saab 900 range has a design that embodies the very latest developments in the traditional and uniquely Saab fields of roadholding, safety, and reliability. The Saab 900 is powered by the legendary rally proved Saab 2-litre overhead camshaft engine, equipped with fuel systems ranging from the efficient 100b.h.p. single carburettor to the electrifying 145b.h.p. turbo.

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UK NEWS — PARLIAMENT and POLITICS



Mrs. Margaret Thatcher opened a Young People's Parliament at London's County Hall yesterday. One Young Parliamentarian (left) asserted his democratic right to heckle the Prime Minister—and was thrown out for trouble. But Clement Freud, acting as Speaker, said that she could go to the evening disco. The two-day event is sponsored by the UK Association for the International Year of the Child.

MPs scorn N. Ireland talks

BY JOHN HUNT

THE GOVERNMENT proposal to call a conference of the political parties in Northern Ireland received a sceptical and, in some cases, hostile response from MPs on both sides of the Commons yesterday.

Mr. James Molyneux, leader of the Official Ulster Unionists, flatly declared that his party would "never engage in time-wasting exercises and window-dressing of this type."

He added that the Ulster Unionists would carefully consider any proposals to give effect to the Tory manifesto commitment to establish one or more elected regional councils in Ulster with a wide range of powers over local services.

But, despite the cool reaction, Mr. Humphrey Atkins, the Northern Ireland Secretary, doggedly stuck to his argument.

The talks, he maintained, were the best way to proceed in hope that they would produce a formula for handing back to locally elected representatives some of the powers now

exercised directly from Westminster.

Repeatedly, he emphasised that the political parties in Ulster had said that this was what they wanted.

Mr. Peter Robinson, Belfast E.P. member, would consider putting a referendum any proposal that might come out of the talks.

Mr. Atkins replied: "This is a matter we can consider. I don't in any way rule it out. If it seems necessary to judge popular support for it, we will consider it, of course."

Nevertheless, he insisted that the final decision on the devolving of powers must be taken by Westminster.

There was no question, he said, of inviting the Sinn Fein or the Dublin Government to take part.

Participants would be the Democratic Unionist Party, the Ulster Unionist Party, the Official Ulster Unionist Party, the Social Democratic and Labour Party, and the Alliance Party.

Labour's Ulster spokesman, Mr. Bryn Jones, said his party felt that the talks had arrived far too late, rather than discussions. He warned Mr. Atkins that the delay in decisions until the year would provide an "interim" num "fraught with danger."

The Rev. Ian Paisley (DUP Antrim N.) suggested there should be an elected conference where representatives could come with a clear mandate.

Mr. Gerald Fitt (SDLP, Belfast W) objected that the local authorities in Northern Ireland had been largely responsible for the onset of the present problems.

"The minority population of Northern Ireland are very suspicious about talks under any circumstances to restore power to local authorities," he said.

Mr. Fitt wanted to know why Mr. Atkins was so confident that there was widespread support for the proposed measures.

Mr. Atkins retorted: "I believe there is hope—for two reasons."

First, he said, the party had not been asked to see any proposals. The widespread belief that any advance meant that people in Ulster should respect the views of those who did not agree with them.

Dr. Brian Mawhinney (C Peterborough) said many people would be disappointed at the Government's statement. An increasing number believed that successive Governments were determined to have talks and talks about talks.

Successive Governments seemed to have given voters to Northern Ireland politicians—who were not the most flexible people.

The exchanges concluded with Mr. David Winnick (Lab. Wall South North) gloomily observing that, judging by the tone of the questions in the House, the chance of success for the talks was not very high.

Euro-bugs making a beeline for Britain

BY IVOR OWEN

IN RESOLUTE mood, the Prime Minister assured the Commons yesterday that she remains as determined as ever to secure progress at next month's EEC summit in Dublin in reducing Britain's net payment to the Community budget.

After describing the present contribution and that planned for next year as "absolutely intolerable," she declared: "I trust I shall be successful in negotiating a corrective mechanism in Dublin."

Mrs. Thatcher rejected a charge by Mr. David Stoddart (Lab. Swindon) that she had blown hot and cold on the issue and had finally opted for a "soft" line, despite her initial tough talk.

He called on her to make it clear to the other EEC Heads of Government that until a fair deal was agreed Britain's contribution to the EEC Budget would be withheld.

The Prime Minister retorted: "I am not aware that I have ever talked softly about this. Battles is to be joined at Dublin."

Amid Tory cheers, she added: "What general would reveal his tactics before the battle has ever begun?"

Mr. James Callaghan, the Opposition leader, recalled that when former Labour Ministers first protested about the unfairness of Britain's contribution to the EEC Budget, Mrs. Thatcher and other Tory MPs told them that if only they would be good Europeans all would be well.

Thatcher ready for battle at Dublin summit

BY IVOR OWEN

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Benefits scheme to be simplified

By Paul Taylor

A GOVERNMENT Bill to be published next month will include provisions for simplifying the supplementary benefits scheme and may also propose the scrapping of the Supplementary Benefits Commission.

The Bill will represent the Government's as-yet-unpublished response to a major review of the supplementary benefits scheme prepared by Department of Health and Social Security officials and published last year.

The central conclusion of that review was that the supplementary benefits scheme was too complicated and should be simplified—a view shared by the Commission responsible for administering the scheme.

However, the Bill is also expected to bring together Government policy on a range of other issues including its desire to reduce civil service manpower costs and cut back on the number of Quangos—quasi autonomous national governmental organisations—within the framework of reducing or containing public expenditure in real terms.

The section of the Bill dealing with the review of the scheme is understood to be being drafted on the principle of no additional costs and on the basis that one of the most effective ways to simplify the present system is by reducing the number of discretionary payments.

Such a move—which would be welcomed by the Commission providing supplementary benefit rates were increased at the same time—could also provide the justification for abolishing the Commission itself.

Details of the Government's approach to simplifying the scheme—which paid out about £2.2bn to more than 5m claimants last year—have yet to be revealed.

However, discretionary payments are seen to be the key to any simplification because of their proliferation in recent years.

The need to "fine-tune" a scheme to the specific needs of the growing numbers of people who depend on supplementary benefits has led to the much wider use of discretionary powers.

The result has been that by the end of November 1978, 57 per cent of all claimants—including about 72 per cent of pensioners—were receiving weekly additions to their benefit to meet "exceptional circumstances" mainly in respect of heating and diet costs. In 1967 only 23 per cent of claimants had weekly additions of this type.

Demands for jury debate

STRONG DEMANDS for an early debate on "jury-vetting" were made yesterday by Labour MPs.

They claimed that the country's legal system—and particularly the jury system—could be brought into disrepute unless there was early action.

Mr. Robert Kilroy-Silk (Ormskirk) said: "It would not be at all surprising if potential jurors subjected to the threat of being snopped upon by police or private detectives refused to serve on juries."

UNION TIMETABLE: The Government's promised plans for trade union legislation will be unveiled before Christmas, MPs were told yesterday.

Norman St. John-Stevas, Leader of the Commons, answering questions on Commons business, told Labour MPs that a Bill would be produced before the House rises for the Christmas holiday.

SCRUMPY PERIL: Devon's Tory Euro-MP, Lord O'Hagan, warned the European Parliament yesterday that if the EEC goes ahead with a tax on farmhouse cider there will be "the biggest uprising in the West Country since the Month Rebellion."

He said that local authorities should be required to publish details of: ● Unit costs—showing the cost of providing a specific service. ● Income and expenditure—explaining how rating and spending decisions are taken. ● Manpower statistics, performance indicators—showing quality and level of services.

The Government also suggests that local authorities

Council spending under scrutiny

BY PAUL TAYLOR

THE GOVERNMENT is to introduce legislation forcing local authorities to provide ratepayers with detailed information on the costs and standards of council services.

Details of the plans—first announced last month by Mr. Michael Heseltine, Environment Secretary—to make local authorities more accountable to their electors are contained in a consultation paper published yesterday.

The proposals reflect the Government's concern about increasing rates and the growth in local authority manpower. Following consultations with the local authority association, powers are to be sought in the forthcoming Local Government, Planning and Land Bill to enable the Secretary of State to order local councils to provide ratepayers with detailed financial and other information.

The consultation paper suggests that local authorities should be required to publish details of:

THE WELSH Nationalist Party, Plaid Cymru, is planning to set up a special fund to receive television licence fees, withheld in protest at the Government's decision to abandon its commitment to create a Welsh language television channel.

Under the scheme, which has to be endorsed by the party's annual conference which opened in Llandudno yesterday, the licence fees would be retained in the fund until the Government fulfilled its manifesto and Queen's Speech promise.

This was to devote the fourth channel in Wales primarily to a Welsh language service run jointly by the BBC and ITV.

Mr. Gwynfor Evans, Plaid's president, said the party felt obliged to urge its members to adopt unconstitutional action in this instance because of the Government's "totally cynical disregard" of six official reports in favour of, and its own solemn commitments to, a Welsh channel.

Mr. Evans recognised that many people would not be in a position to join the television licence campaign and, as eventual imprisonment for non-payment, but he believed there would be a sufficient response to make the Government change its mind.

Publication of Financial and Other Information by Local Authorities: A Consultation Document by the Department of the Environment.

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Plaid to set up TV fund

By Robin Reeves, Welsh Correspondent

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Business next week

MONDAY: Debate on Royal Commission Report on Gambling. EEC Documents on oil purchases, energy and coal.

TUESDAY: Second reading of the European Communities (Greek Accession) Bill. Opposed Private Business. Ministry of Overseas Development (Dissolution) Order.

WEDNESDAY: Procedure debate. Motion on Family Income Supplement.

THURSDAY: Shipbuilding Bill, second reading. EEC International Wheat Agreement Order.

FRIDAY: London debate.

Compensation Bill. Fruiting Plum Tree (Planting Grants) scheme. Plum Material and Clearance Grants scheme. European Communities (Definition of "Treaties") (International Wheat Agreement) Order. Debate on drug use.

WEDNESDAY: Debate on problems caused by alcohol. Debate on museums and galleries report.

THURSDAY: Law Reform (Miscellaneous Provisions) Bill: third reading. Insurance Companies Bill: second reading. Tax, Consumer Credit and Judicature order. Administration of Estates (NI) order. Industrial Assurance (NI) order. Statutory Rules (NI) order. Administrative Assembly debate.

LORDS

Tuesday: Legal Aid (Financial Conditions) regulations. Gaming (Amendment) Bill: Committee. Criminal Injuries

Monday: Debate on Royal Commission Report on Gambling. EEC Documents on oil purchases, energy and coal.



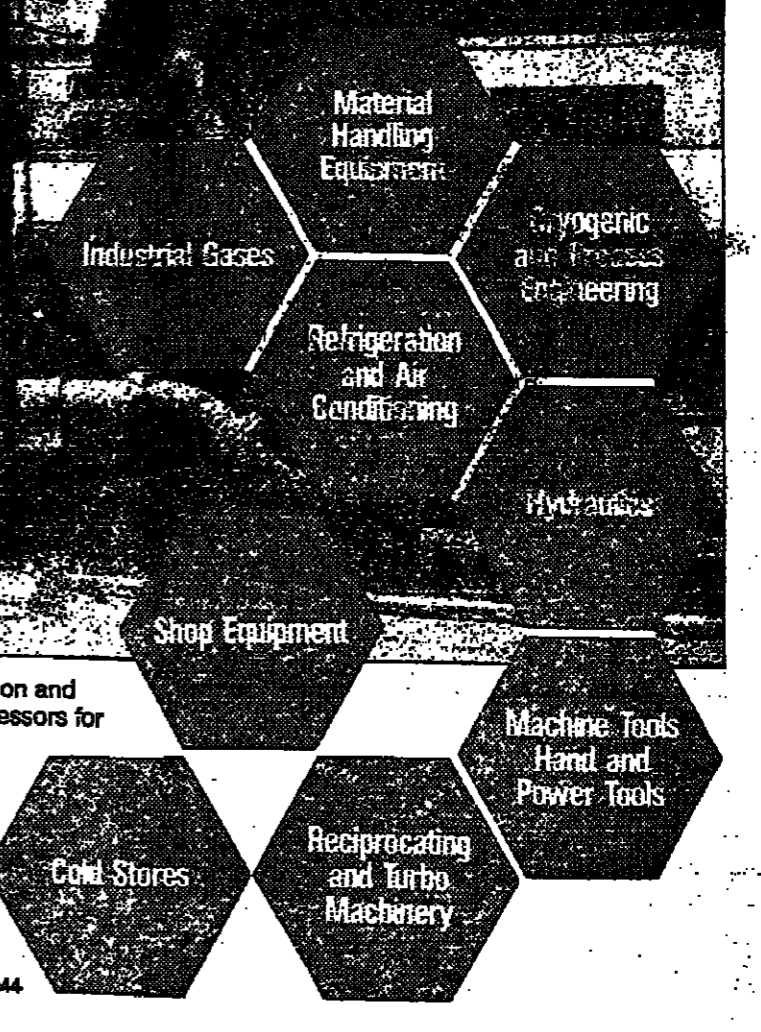
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While the bodywork itself has a natural resonance too high to be excited by road vibrations.

The engine, a silky 2.8 litre 140 bhp six-cylinder unit, is additionally steadied by two diagonally positioned hydraulic dampers for further smoothness.

And automatic transmission is, of course, standard on both cars (with manual available at no additional cost)

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THE MANAGEMENT PAGE

Nicholas Leslie on a challenge to the motor racing establishment

Grand Prix gambler backs Derbyshire dream

THERE ARE many types of dream. Frequently they involve the fulfilment of some extravagant wish. Tom Wheatcroft's dream is one of these. If he realises it, he will have had to put up the best part of £5m before he starts to show any real return on his money.

Wheatcroft's dream is to bring Formula One car racing back to Donington Park, in Derbyshire, a race circuit that before the last war was the venue for some major motor racing events. Among the spectators at those meetings was an enthralled young Wheatcroft. So smitten with the spectacle was he that motor racing has remained a passion ever since.

As in all good adventure stories, the young Wheatcroft went on to make his fortune—as a builder. This enabled him to indulge his fascination with motor sport by amassing what is claimed to be the biggest private collection of "racing" cars in the country.

It was a natural next step for Wheatcroft to see Donington as the ideal place to house his collection. So when it came up for sale in 1971 he bought it.

This put him on the starting grid towards achieving his ambition, but he still had—and has—a way to go. Formula One—motor racing's top class—came to a halt at Donington in the last war when the site was taken over by the Ministry of Defence. Since then Silverstone and Brands Hatch have vied for the privilege of hosting such races, of which there may at best be one or two a year. So they clearly are not going to give up Formula One without a fight.

Though motor racing has resumed at Donington in the past few years under Wheatcroft's ownership, it has involved formulas other than Grand Prix, together with motor cycle racing. The circuit needs to be extended marginally to meet the minimum 2.2 miles required for Grand Prix. And with drivers of both cars and bikes demanding ever more stringent safety measures to be incorporated into the circuits, the demands on capital investment climb inexorably upwards.

To help overcome such barriers Wheatcroft recruited Peter Gaydon, an ex-Formula Two racing driver, as his managing director. Gaydon, after retiring from racing, spent some time with Rootes (in pre-Talbot days) before setting up his own promotions company, which he still owns.

The strategy for Donington, as Gaydon describes it, sounds like a calculated gamble, even though the circuit is clearly well situated just off the M1 north-east of Birmingham, and adjacent to the East Midlands Airport. For the plan involves something akin to a Catch 22 situation—a lot of money must be spent on facilities if ever Donington has a hope of attracting Grand Prix, while a return on such investment can only be expected in the reasonably foreseeable future if Formula One cars actually use the circuit.

James Hunt

Gaydon says Formula Two racing and motor-cycle events do not really produce a profit, in contrast with Formula One, which can produce big profits if it is successfully staged. At the same time, presumably, the smaller events also stand a better chance of being well attended if the circuit becomes more widely known through staging Grand Prix races.

All in all, then, the task of attracting such a race to Donington is obviously considerable—as is the importance of it to the circuit's future.

Gaydon's answer is to attract drivers and riders, as well as the public, with what he reckons are the best facilities. The

former are offered a circuit that is being improved and modified with the help of advice from people like James Hunt and Barry Sheene.

The circuit has a complete drainage system so that it stays free of excessive wetness if it rains during a race and, for safety, there are track-side sandpits at strategic points instead of fencing should a vehicle come off (Gaydon says Wheatcroft insisted on this because, having been in the desert during the last war, he is convinced about its powers to stop a speeding vehicle dead in its tracks).

For the public there will be new, seated stands at different points around the circuit. These epitomise Gaydon and Wheatcroft's gamble for the idea is to cover the cost of construction by selling off a 25-year lease on each stand to a company for £85,000. The company would be able to use the stand as it wished for publicity purposes. Six such stands are planned, with 550 seats to each.

Additionally, smaller "hospitality units" will be offered for hire beside the circuit. Gaydon has already persuaded several large companies to fund the construction of other facilities such as a bridge over the track, petrol stations and pubs.

Because of the limited financial potential of non-Grand Prix races, events in other fields are being contemplated, such as tennis tournaments and equestrian events. But it will still be the major car race which will justify the expenditure, which to date has reached about £3.5m, says Gaydon.

Emphasising the strategy of big spending, he says "we believe that in the long term we must make the investment in order to make the return. Sooner or later the Grand Prix competitors will start to say that tracks are not safe and will refuse to race there."

But has Wheatcroft chosen the right time to realise his dream? Not only did the oil crisis of 1973 erupt only two years after he had set up his racing car museum at Donington, but the world is now suffering from a longer-lasting oil price explosion and supply squeeze.

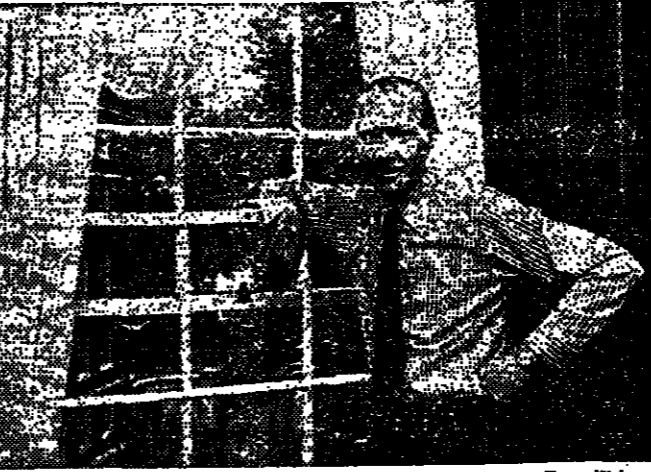
Gaydon justifies his timing by saying that it has already been shown that there is no justification in restricting motor racing: in 1974 one study argued that motor sport was responsible for 518m of exports a year and that it provided a lot of employment.

Moreover, he says, it was shown that in the same year the 26 teams competing in Formula One car racing had in the whole racing season used less fuel than was required to fly one Jumbo jet across the Atlantic.



Jason Crisp meets the head of Britain's top private medicine group

The thwarted doctor who now looks after millions



Derek Damerell of BUPA: took on Barbara Castle and won

ALTHOUGH when he joined he had done so with the prospect of eventually taking command. The first time the post became vacant he saw himself as firm favourite, "not the official heir apparent, though." He was shortlisted, but was passed over for an Australian from outside the secretariat.

Hostility The day he accepted the BUPA post Barbara Castle announced that private medicine would be abolished, he recalls. But when he started on New Year's day in 1974 there were plenty of problems apart from the growing political hostility to private medicine.

Not least of these was an almost immediate decline in the number of subscribers because many individual subscribers were becoming too squeezed to afford the subscription, and pay policy discouraged employers from introducing it as a "perk."

But his major task was to try to avert moves to phase out pay beds very quickly, leaving private medicine with nowhere to treat the majority of its sick. The very existence of private beds in the NHS has long been a thorn in the ideological side of the Labour Party. (There are also the somewhat less ideological objections that it is only the consultants who

are allowed to board this particular gravy train. No one else—from registrar to tea lady—benefits from tending a private patient in an NHS hospital.)

The unrest which had been seething below the surface burst into the open when the National Union of Public Employees took action at Charing Cross hospital in an effort to close the private wing. Hostilities spread and objections to the provision of pay beds broadened to include private medicine altogether.

Although the medical profession was fiercely opposed to the plans to phase out pay beds it was disunited, and certainly no match for as able a politician as Barbara Castle. The private medical insurers were proscribed from directly entering the political arena as they were registered charities.

Damerell took the initiative of setting up the Independent Hospital Group to act as a united voice. All the relevant bodies joined, including the BMA, junior hospital doctors, the Royal Colleges and the private medical insurers, and Lord Goodman was retained as adviser.

In the meantime, Damerell pressed ahead with the establishment of more private hospitals all over the country. At one stage BUPA nearly took over two London hotels as emergency hospital space.

As the situation worsened and the consultants worked to rule, Lord Goodman ceased to advise the IGH. He was then appointed as independent negotiator between it and the government by the then Prime Minister,

Harold Wilson. The final result was a decision to phase out paybeds in an orderly fashion. This gave the IHG time to increase the number of private beds in private hospitals.

Since then the IHG has continued to plead the cause of private medicine, although some of Damerell's critics complain that he sees himself as its "voice."

Frustrated with this, he decided to emigrate to Canada. But while working out his notice at Imperial, he was telephoned by the managing director of British Plasterboard (later BPF), who had been told about him at a dinner. Since he had nothing to lose Damerell went to see him and explained that he could see a future in iron in Quebec and Northern Ontario and that he was going there to try mining.

The managing director suggested that Damerell join British Plasterboard for six months to work as a pupil in a sylvan mine. If at the end of the period they did not like each other he could go to Canada and at least he would know something about mining.

He stayed. Six months later he became general manager of three mines in the north-west following the sudden death of the incumbent.

By the age of 34 he had become a main Board director and official assistant to Dick Jukes, the chief executive—with the long term aim of being his successor, says Damerell.

But that was not to happen, though he did go to Canada after all. BPF's small subsidiary there was in difficulty and Damerell volunteered to turn it round. When he went, BPF had two small plasterboard factories and one mine in the West of Canada. In the four years he was there it opened 11 mines and factory units. He returned to London when Jukes was taken ill.

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Vertical text on the right edge of the page, including 'The story most', 'The man who', 'People: Geoff', 'The Fourth', 'The Special', 'The Executive'.



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LOMBARD Gold boost for EEC reserves

BY DAVID MARSH

BY STATUTE of the IMF, and edict of the U.S. Treasury, gold remains officially demonetised.

The most striking example has occurred within the EEC, which owns 40 per cent of the world's monetary gold.

Since the EMS started operation in March, an important part of EEC countries reserves has been held in European Currency Units, the Community's composite currency unit, used in this case as a means of settlement among central banks.

The valuation procedure is fairly conservative—the average London fixing price over the previous six months, or on the penultimate working day, whichever is the lowest.

The roughly 830 rise in the six-month average compared with the end of June sufficed, however, to raise the number of Ecu issued against gold to \$26bn from \$22bn. Taking into account the Ecu created against the dollar deposits, total Ecu holdings at the end of last month came to around \$43bn—70 per cent more than the \$25bn envisaged when the Ecu scheme was given the first cautious go-ahead in summer 1978.

It might be argued that the gold-into-Ecu mechanism has brought no real change to

TV Radio

- Maxidog. 4.25 Jackanory. 4.40 Hong Kong Phooey. 4.55 Crackerjack. 5.35 Paddington.

F.T. CROSSWORD PUZZLE No. 4,109

Crossword puzzle grid with numbers 1 through 28 in various positions across the grid.

ACROSS 1 Promote family poet (7) 2 Wealth of averages (5) 3 Fashion beauty place with decency (7)

A long flowering of fortune

AS OCTOBER ends, the tide of summer visitors ebbs, and the Isles of Scilly enjoy a brief respite before their next major source of income, the outflowing business, gets under way in time for Christmas.

This has been due largely to the fact that the dynasty founded by Augustus Smith nearly 150 years ago, leased the islands and ran them from 1834 to 1965, originally as "Lords Proprietor" and latterly as permanent chairman of the Council of the Isles of Scilly.

It has been suggested that the Isles of Scilly, part of the Duchy of Cornwall, are the original Hesperides, or Isles of the Blessed, of ancient mythology, or perhaps the Cassiterides, or Tin Islands, of Phoenician legend.

It is a sobriquet with which few would disagree—especially since income tax only came here in 1954! Situated in the Western Approaches of the Atlantic, some 25 miles off the Land's End, this group of over 100 small islands, some no more than pinnacles of rock, and of which only five (apart from those with lighthouses) are inhabited, enjoys a mild climate, although frequently windy and occasionally gale-lashed in winter.



SCILLY ISLES

dropped a few pounds in the weight and the opposition here does not look particularly formidable.

Sea Pigeon set to win again

THE most valuable race on today's Newbury programme is the William Hill Hurdle (3.00) which will give southern racers an opportunity to see the northern champion Sea Pigeon.

There is no doubt about Sea Pigeon's fitness, for Mr. Pat Muldoon's gelding successfully conceded two stone to Wednesday's Sandown winner Great-ham Hall over 1 1/2 miles on the flat at York less than a fortnight ago.

A half an hour after the William Hill Hurdle series level well-bred two-year-old fillies line up for the Radley Stakes (3.30) run over the Round Course of seven furlongs and 60 yards.

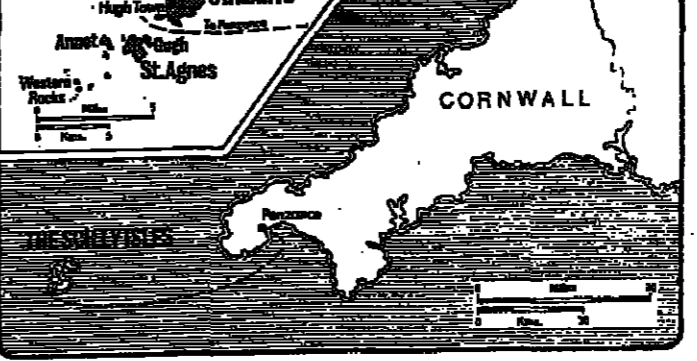
These include Neenah, who was running so strongly in the closing stages of the Cheveloy Park Stakes at Newmarket, and Dancing Shadow, an unraced daughter of Dancer's Image.

Hera saddles three in the race, but Carson rides Dancing Shadow who is reported to be something out of the ordinary.

John Dunlop may hold the key to the D. Dawson Nursery Handicap (4.00) with Aswad, who runs in preference of Highland Bear, this colt, by Royal and Regal, who cost \$1,000 guineas as a yearling, has demonstrated his ability to stay a mile and seems to be leniently treated with eight stone.

Although it is a long time since he last won, I give a chance to Middleton Sam in the William Clark Handicap (4.30). Middleton Sam has paid the penalty for a successful two-year-old career, but has been

The Scilly Isles



many provincial centres, several weeks in advance of competitive sources of supply.

Both sources of prosperity are of course at the mercy of the climate, both physical and economic. A bad summer can wreck the tourist trade; a bad autumn can be disastrous for the flower business.

It is in the winter that the second major source of income comes into the Isles—the outflowing trade, built round the narcissus and the daffodil. The earliest flowers are ready for picking in bud in December, in time for the Christmas market on the mainland, but the main emphasis comes in the New Year, when flowers by the hundred thousand are shipped not only to London but also to

of life. The islanders are sturdily independent, friendly to "mainlanders" provided they behave themselves, and do not trample across the bulb fields or break down the walls, but like islanders the world over they are anxious to ensure that their way of life remains unspoiled.

Over the years, the islanders have worked hard to ensure that there is a finely-tuned balance in the economy between summer visitors and winter flowers. It would be easy to commercialise the splendid scenic attractions, to the point of ruin. The prosperity that would engender might be attractive to some, but while the majority of Scillonians, like others, enjoy prosperity, many of them believe that there are other things of precious value to be coveted, such as the continuity of a calmer way of life, away from the increasingly frenetic world, in the midst of a beautiful, unspoiled, environment.

Michael Donne

RACING BY DOMINIC WIGAN

2.00—Bromid 3.00—Sea Pigeon 3.30—Dancing Shadow 4.00—Aswad 4.30—Middleton Sam 5.00—Northleach

ENTERTAINMENT GUIDE

CRITERION. 9.30. 21.15. CC. Revs. 379 8654. HALF-PRICE PREVIEW. Sat 9.30 & 11.15. Mon-Fri 3. Sat 5.30 & 8.30. (See p. 14).

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THEATRES

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- 5.00 am News Summary. 5.03 Tony Brindle. 5.30 Simon Bates. 6.00 Dave Lee Travis.

RADIO 2

- 11.00 am Play School (as BBC 1 3.55 pm).

SOLUTION TO PUZZLE No. 4,108

CROSSWORD puzzle solutions: 1 Reader needing a hand (7) 2 Making cast go in for recaptulation (7, 2) 3 Sance loses final up in boast (5)

هكذا من الأهل

THE ARTS

Wyndham's

Tishoo by B. A. YOUNG

Brian Thompson discusses an interesting idea in Tishoo, the practical value of pure science.

How high a priority, asks the Vice-Chancellor, a former diplomat with a first in Classics, should a cure for the cold be given? Isn't the cold a familiar, even a useful, factor in our lives?



... to himself if no one else is available - and involved in romantic situations with his faithful lab technician Barbara and the new research student Clare, and written a comedy packed with jokes like confusing "prawn" with "paw".

Theatre Royal, Glasgow

Orfeo ed Euridice

Tuesday's performance of the new Scottish Opera Orfeo ed Euridice disclosed a matchless hero and an unusually vivid Euridice and Cupid - three Gluck performances sufficiently strong and secure of style to maintain their independence of a shallow and often misguided production by Peter Ebert.

Albert Hall, that may be because in the concert hall it had only to triumph over limp conducting, whereas here the obstacles proved weightier and more daunting.

Orfeo exists in three authentic and several other forms. Scottish Opera claims this as the "Paris version" (thus ignoring the essay in the company's yearbook - modesty forbids me to name its author - explaining why they should not).

Its most beautiful moments were the third strophe of "Chiamo il mio ben" the aria "Men tirame," and the second reprise of "Che farò" - passages infused with a soft, beyond-grief radiance infinitely more perceptive of character and situation than the contralto sledgehammer sometimes indiscriminately applied to the music.

In a preamble to the production, Mr. Ebert states: "Like so many great reformers before and after them, (Gluck and Calzabigi) settled for the conventional visual image of their own period."

It was disappointing, in sum, that a great and important opera somewhat neglected of late did not make here the triumphant return to the repertory it so fully deserves.

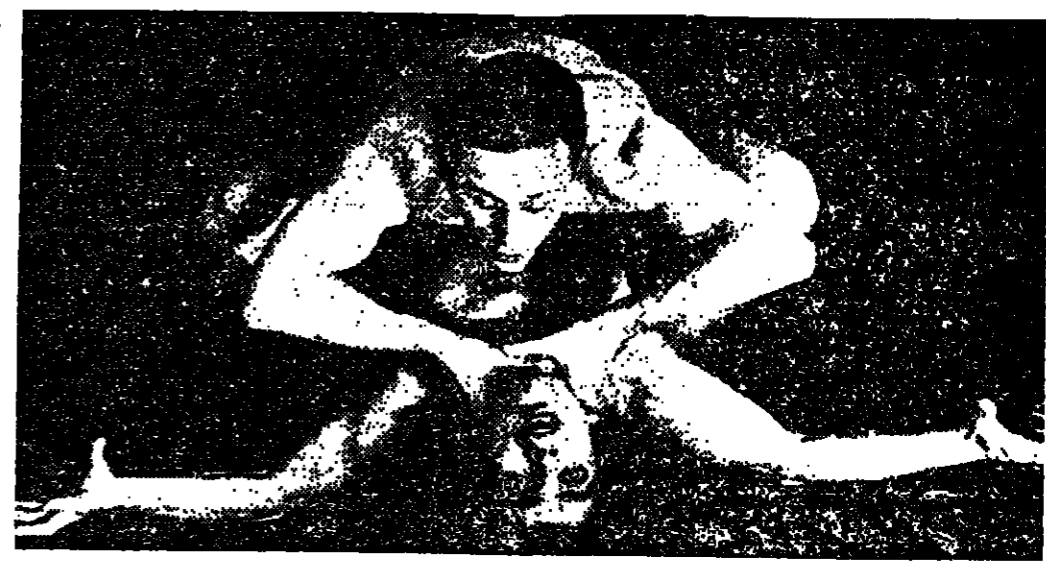
Cinema

Beware - images at work by GEOFF BROWN

Zulu Dawn (A) Classic Haymarket, Scene Leicester Square The Frisco Kid (A) Warner West End, ABC Shaftesbury Avenue Beyond Evil (X) Plaza Daughter Rite Little Bit Ritzy

One word of warning: see any of the week's new films by all means, but do not see them close together. Otherwise your head will be unhealthily teeming with the most peculiar people.

It was an inglorious defeat, but the film's attitude towards events is hopelessly and horribly muddled. Care is taken to present Lord Chelmsford (Peter O'Toole) as a war-monger bent on cutting down the proud Zulu nation at any cost.



Scene from 'Beyond Evil'

Throughout, the film tries desperately hard to find things to celebrate in the British activities. Burt Lancaster (struggling intermittently with an Irish accent) in his part as the one-armed veteran (Durnford) is given a spectacular Hollywood-style death (perhaps it was written into his contract?).

Good and Evil, an Italian-French-German co-production made in 1977 and named after one of Nietzsche's most famous books, though the British distributors have telescoped its title into the more provocative Beyond Evil.

curly heard as thick as his accent, he sails through the world to tend a congregation in a San Francisco basking in the Gold Rush. But first he has to find San Francisco.

from their triangular relationship, but Liliani Cavani streamlines every element into boring unreality.

It's probably best to get the Zulus out of the way first. They appear in Zulu Dawn: not exactly a sequel to the 1963 film Zulu for the battle of Isandhlwana, which copies the epic's climactic half-hour, took place earlier the same day as the battle of Rorke's Drift.

After such a holocaust it's a positive relief to fall upon Gene Wilder's gentle Polish rabbi in The Frisco Kid, a rambling, overlong, sentimental, sometimes endearing comedy - undoubtedly the silliest film ever made by its esteemed director, Robert Altman.

In 1850 Avram Belinski, the most laggardly scholar in his seminary, is sent across the world to tend a congregation in a San Francisco basking in the Gold Rush. But first he has to find San Francisco.

Liliani Cavani, working with Robert Gordon Edwards, producer of Death in Venice and her own notorious Night Porter, has here assembled a gruesome fantasia on the life of the German philosopher.

These sobering thoughts are accompanied by fractured images from the family home: mother and her two daughters walking along pavements, washing up, celebrating, at parties. Interspersed are improvised scenes between two girls who explore the kitchen, bedroom and record collection of their possessive mother.

Sadler's Wells

Scipione by ANTHONY HICKS

Autumn, and the annual season of the Handel Opera Society (or "Handel Opera as they now prefer to call themselves) is happily with us again.

Advantage of keeping the titters quiet, but on the whole the loss of immediate communication with the audience seems a retrograde step.

Also took their toll, so that the usually stylish Brian Burrows (Lellius) could not recover from a wooden account of his first aria, leaving nothing but recitative left to him.

The story is pleasantly straightforward. Scipio, the young Roman general has taken Carthage and captured two Spanish noblewomen. He is much attracted to the princess.

Such factors would be of no matter if the opera were powerfully cast, but this is not quite the case.

Charles Farncombe, directing the Handel Opera Chamber Orchestra, allowed one or two ondate numbers to drag a little, but most tempos were apt and the more contemplative moments received due weight.

Festival Hall/Radio 3

Eclat/Multiples by DOMINIC GILL

Like many other of Boulez's major works, Eclat/Multiples has grown over the years, piecemeal and elaborated fold upon fold, from a much smaller first inspiration.

of the composer, had originally been planned as another "premiere" of Eclat/Multiples in its latest, newly expanded form - still more sections were to be added to the original Eclat.

non-sustaining instruments, including piano, cimbalom, harp and guitar, against, or in counterbalance to, a growing orchestral body of instruments which sustain their sounds. The scenes flash quickly past, but many of them are small miracles: of compression, of delicate, strenuous activity, of sudden, quicksilver expansion, and from time to time of dark and sonorous weight.

Advertisement for King Edward cigarettes, featuring a portrait of a man and the text 'King Edward', 'Panatellas', 'Slightly sweetened', 'pack of 5 Panatellas only £1.30', 'Now available from your tobacconist & good pubs'.

Advertisement for King George's Fund for Sailors, stating 'Over £275,000 needed to aid elderly and disabled seafarers', 'Last year KGFS distributed some £275,000 to aid elderly and disabled seafarers.', 'To allow for inflation, we need to provide much more this year.', 'We cannot allow our aged and disabled seafarers from the Royal Navy, the Royal Marines, the Merchant Service, the Fishing Industry to suffer from our lack of funds. Please send a donation or covenant to aid us in vital work. And, when preparing your Will, please do not forget us.', 'MAX LOPPERT'.

Advertisement for IBA name deputy director of radio, stating 'The Independent Broadcasting Authority has appointed Major-General P. A. C. Baldwin to the new post of deputy director of radio. He will be joining the IBA staff on November 27.', 'IBA name deputy director of radio', 'The Independent Broadcasting Authority has appointed Major-General P. A. C. Baldwin to the new post of deputy director of radio. He will be joining the IBA staff on November 27.', 'Industrial and Trade Fairs Ltd. In the right place, at the right time.', 'Industrial and Trade Fairs Ltd. Radcliffe House, Blenheim Court, Solihull West Midlands, B51 2PS. Tel: 021 705 6700. Telex: 357073. I.T.F. Ltd. 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100'.

Advertisement for 'How to bring the market to the product...' and 'and the product to the market.', stating 'It isn't easy. It means building up a detailed knowledge of not just one market, but many. Both in this country, and throughout the world.', 'Industrial and Trade Fairs have the expertise and the resources to bring the market to the product. And vice versa.', 'As the world's leading independent exhibition organisers, our list of successes takes in countries as far apart as China and Venezuela, and products as different as brewing and electronic equipment.', 'These events were a marketing opportunity par excellence - which, with our help, were seized by thousands of exhibiting companies.', 'You could be one of them.', 'Contact ITF at the address below for details of our overseas or U.K. events. And we'll show you how to bring the market to the product. And the product to the market.', 'Industrial and Trade Fairs Ltd. In the right place, at the right time.', 'Industrial and Trade Fairs Ltd. Radcliffe House, Blenheim Court, Solihull West Midlands, B51 2PS. Tel: 021 705 6700. Telex: 357073. I.T.F. Ltd. 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100'.

POLITICS TODAY

The joker in Labour's disarrayed pack

PARLIAMENT resumed this week in a relatively subdued manner. The Government's aim is to use the next few months to dismantle or amend as much Labour legislation as possible...

Good time

On the face of it then this is a good time for the Labour Party to be examining its own future. It seems to me, however, that it would be unwise to attach too much importance to the Commission of Inquiry that was finally established this week...



An old Vicky cartoon from the Evening Standard.

Mr. Callaghan is also suffering a decline in authority. He is attacked by the Right for being weak and petulant, and disregarded by the Left for being too conservative in his views and too autocratic in his behaviour...

cannot again win an election. Anyone who doubts that may like to look at what has happened in the past. There is now a remarkable opportunity to do so with the publication of Mr. Philip Williams's biography of Hugh Gaitskell.

times right. The main point is that the book should not be read as a panegyric to the late leader, but as a history of the Labour Party of his period and to some extent of British politics.

New evidence

Much of the evidence is entirely new. For example, it has long been assumed that the great rift between Bevan and Gaitskell came over the issue of the division between intellectuals and the rest...

involved was relatively trifling. Here Mr. Foot is right: it was an example of Gaitskell provoking a rift that could have been avoided, although Mr. Williams comes to a different conclusion by quoting with approval the Gaitskell belief that it was, even at that time, "a battle for the soul of the Party."

Paradox Nothing that has happened in the six months since the General Election, including the Brighton Conference, has been anything like as bad as what happened in the Gaitskell period...

It seems to me that there is only one way in which this general rule about the Labour Party holding together in the end and governments losing elections rather than oppositions winning may cease to be valid...

Letters to the Editor

BL, the ballot and the buyers

From Mr. J. Bescoy Sir—Whatever is said about BL in the context of the ballot about factory closures and redundancies, it is surely the customers who will ultimately decide the company's success or failure.

fully realised or not. What with the ancillaries to both, including the generators of economic activities and the social provision such as housing, the prospect is there for the biggest take-off in London since the aftermath of the Great Fire.

ment cost basis but that the relative steadiness of the figures in column (1) was the accidental result of two opposing factors—falling operating margins and rising revaluation surpluses—cancelling each other out.

making expensive trips abroad to ship container loads home. John Steel, Antique Collectors' Club, 5, Church Street, Woodbridge, Suffolk.

ster Chamber of Commerce for some time. Early this year a working party, of which I am chairman, was set up to study all aspects of the problem and we are preparing a report to present to Government.

Farms and tax

From the Taxation Secretary Country Landowners Association Sir—Mr. Sutherland (October 23) has quoted (out of context) a short paragraph from the Milk Marketing Board FMS unit's report No. 19, and alleged that I have made no relevant objection to the conclusion reached...

From Lord Kaldor Sir—Professor Hill (October 24) cannot have it both ways. We can either assume that the industry follows (by and large) a pricing policy of adding the mark up to historic costs...

From Mr. J. Steel Sir—Mr. Beckman's concern (October 22) over the speculative orgy of such disparate objects as worthless bonds and antiques smacks of prejudice. British antique furniture, for example, over the major areas of antiques, increased in value between 1968 and 1978 by an average of 46 per cent per annum.

From Dr. J. Bell Sir—Professors Hines and Portes (October 20) are two of the multitude of people who are lecturing to the poverty of their home countries by their intellects and our university education.

The trend of profits

From Lord Kaldor Sir—Professor Hill (October 24) cannot have it both ways. We can either assume that the industry follows (by and large) a pricing policy of adding the mark up to historic costs...

From Mr. J. Steel Sir—Mr. Beckman's concern (October 22) over the speculative orgy of such disparate objects as worthless bonds and antiques smacks of prejudice. British antique furniture, for example, over the major areas of antiques, increased in value between 1968 and 1978 by an average of 46 per cent per annum.

From the Vice-Chairman, Westminster Chamber of Commerce Sir—The Central Transport Consultative Committee has warned the Transport Minister (October 16) that the proposed 20 per cent increase in fares by British Rail "may accelerate the decline of the working population of London."

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Alternatives for dockland

From the Leader reuter London Council Sir—The chairman of Exhibition Consultants (October 23) as in fact endorsed all that I have been saying for years about the needs of London's docklands, although he may not be aware of it.

Both the volume and quality of antique furniture being offered in the London auction rooms at the moment is low and one would imagine it would not take a very big increase in demand for prices to move sharply upwards yet again.

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Non-executive directors

From the Chairman, M & G Group Sir—Hugh Parker (October 10) and Geoffrey Owen (Lombard, September 27 and October 16) made good solid points. There is indeed, these days a virtually universal consensus that companies in general should have at least two non-executive directors on their Board...

From the Vice-Chairman, Westminster Chamber of Commerce Sir—The Central Transport Consultative Committee has warned the Transport Minister (October 16) that the proposed 20 per cent increase in fares by British Rail "may accelerate the decline of the working population of London."

Commuter fares

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Today's Events Orders Bill, second reading. Limitation Amendment Bill, second reading. COMPANY RESULTS Final dividends: Arthur Bell and Sons. Interim dividends: George M. Callender. Clayton Son and Co. (Holdings). Dartington Investment. Minster Assets. Scottish Ontario Investment. Spang and Co. Interim figures: Bradford (Roist) (Holdings). COMPANY MEETINGS Esperanza, 77 London Wall. EC, 12. English Association of American Bond and Share Holders. Salters' Hall, Fore Street, EC, 12. Sobranie, Connaught Rooms, Great Queen Street, WC, 12.

How cost-effective is your catering? Running a staff canteen that is both excellent and cost-effective demands considerable care and attention. As the United Kingdom's leading catering management and consultancy organisation, the caring hand of Gardner Merchant serves a staggering 200 million meals a year. Our clients demand real value for money—and that's what we offer! Now we'd like to offer you the opportunity to take advantage of our unrivalled experience. A free advisory report on your company's existing catering arrangements. We will examine the cost-effectiveness of your staff canteen, and present a report and budget estimate for your consideration. The report is absolutely free and it could turn out to be highly profitable reading. Complete the coupon now! No stamp is required.

UK COMPANY NEWS

Berec profit down £9m to £3.2m in first half

As foreshadowed in July, the Berec Group suffered a serious shortfall in the six months ended September 1, 1978, due mainly to industrial unrest in the UK and the continued closure of the Nigerian market.

HIGHLIGHTS

The market was bouncing back in late dealings yesterday with equities just falling to go to a 1979 low as measured by the 30-share index. Lex looks at the factors affecting trading.

Newman-Tonks midway rise

Turnover of the Newman-Tonks Group, Birmingham-based metal hardware maker, increased from £22.35m to £34.64m in the year ended July 31, 1978 and pre-tax profits were higher at £3.05m compared with £1.51m.

Peachey gathers pace and lifts dividend by 50%

BY ANDREW TAYLOR

THE rehabilitation of Peachey Property Corporation took another step forward yesterday with the announcement of a 50 per cent increase in pre-tax profits to £2.57m.

Share sale stabilises Vitatron

THE wide fluctuations in the share price of Vitatron NV, the Dutch scientific group which came to the market on Monday, stabilised yesterday after Mr. A. H. Eikmans, the managing director, elected to sell a small block of shares in the market.

Uniflex moves ahead

PRE-TAX profits of Uniflex Holdings, furniture manufacturer, rose from £234,000 to £271,000 in the six months to July 31, 1978, on turnover up from £10.15m to £13.81m.

tonnes of sugar during the 120 day season. Modernisation work completed will allow its Peterborough factory to produce white granulated sugar for the first time in 50 years.

Insurance Bill an extension of '74 Act

THE INSURANCE Companies Bill, which had its first reading in the House of Lords on Tuesday, is a purely technical measure extending the Insurance Companies Act 1974 and the relevant statutory instruments to Northern Ireland.

John Brown machine tool restructuring

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

John Brown announced outline plans yesterday for the major restructuring of its machine tool companies which was foreshadowed at the beginning of the year.

Turnover up at Burns Anderson

Improved turnover figures for the first three months of the current year, were reported by Mr. William Burns, chairman of Burns Anderson, at the annual meeting.

British Sugar to spend £30m

BRITISH SUGAR Corporation will spend £30m this year improving its processing factories. It is the last part of a five-year expansion and modernisation programme costing £150m.

Biscuit concern plan expansion

Shaws Biscuits is moving into a bigger factory at Gateshead, Tyne and Wear, under an expansion programme which will create 250 new jobs over the next three years.

Table with 2 columns: 6 months, 1978, 1977. Rows: Domestic sales, Exports, Total sales, Domestic profit, Overseas profit, Assoc. losses, Pre-tax profit, Tax, Minorities, Profit.

Stated earnings per share are cut to 2.05p against 9.35p but the interim dividend is being stepped up from 1.205p to 1.3p—last year's total was 4.911p from pre-tax profits of £20.3m.

Macallan Glenlivet sees rise

Further improvement in profit is expected in the first half of the current year, says Mr. P. G. Shiach, chairman of Macallan-Glenlivet, the malt whisky distiller.

Advertisement for MORGAN GUARANTY TRUST COMPANY OF NEW YORK, 33 Lombard St EC3. Includes image of Erechthion Office Building for sale with vacant possession.

The forecast for the current year is for a slight improvement, although some of the machine tool companies were badly affected by the engineering strike.

REduced Earnings in the two major engineering groups, Central and Sheerwood, fell in the first half of 1978.

NEB viewdata export complete

INSAC, the software subsidiary of the National Enterprise Board, has completed installation of the first privately owned viewdata information service in Holland.

Galvanising plant to open

A £1.5m galvanising plant at Telford will start production next month, well ahead of schedule. It is the most advanced in Europe and is being built by Joseph Ash.

LADA for rally

LADA, the Russian car manufacturer is to enter a team of cars and drivers in the RAC rally next month. It will be the first time works-entered Soviet cars and crews have visited Britain since 1970.

Stothert & Pitt expects first-half loss

IT APPEARS that a loss for the first half of the current year cannot be avoided, says Sir Ralph Bateman, chairman of Stothert & Pitt, bearing in mind the effect of the engineering dispute and the discouraging market demand for contractors' plant products.

Setback for Gill & Duffus

EXTERNAL sales of Gill and Duffus Group, international commodity broker, merchant and processor, were down at £344m in the first half against £398m last year.

Central & Sheerwood looks for improvement after midway fall

Finally been hit by the worldwide recession in the construction industry, and vacillation over American energy policy has led to delays in ordering walking draglines.

Dividends Announced

Table with columns: Company, Current payment, Date of payment, Correlation, Total, Total last year.

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Including 0.115p adjustment for reduction in ACT for 1978. § Final of 3.75p forecast. ¶ Makes 17p (13.5p) to date. ** Makes 4p (2.5p) to date. *** Final of not less than 6.75p forecast.

estimated tax of £3.25m (£1.57m) and the release of a £8m deferred tax provision (£4.7m), net profits for the year will come out ahead at £16.75m compared to £15.74m.

The interim dividend is raised from 2.3p to 3.148p and includes a 0.148p adjustment for the reduction in ACT rate relating to last year.

REduced Earnings in the two major engineering groups, Central and Sheerwood, fell in the first half of 1978.

SHARE STAKES

Armitage Shanks Group—Board announces that Ceramic Holdings SA, of Panama, has transferred its holding of 3,170,000 Ordinary shares (pre capitalisation) to a subsidiary, Ceramic Investments BV, resident in the Netherlands.

well, director, has disposed of 20,000 "A" ordinary shares. Hume Holdings—London and Manchester Assurance has sold 12,160 "A" ordinary shares. As a result, the company's interest is now below 5 per cent.

The City's idea of the building industry.

The exception that proves the rule?

The first thing any competent stockbroker has to say about the building industry as an investment, is don't. Because all too often have building companies lost their financial balance and toppled.

But the second thing any really astute stockbroker would say is that such generalisations are far too sweeping.

Barratt would agree with both statements. Nobody could deny that in 1973-4 some of the whizz-kid building companies went fizz. Nobody could deny that during that period Barratt continued the steady growth which has characterized the company since its inception 21 years ago.

Hard facts

This year, Management Today published a Ten Year Growth League. It compared Britain's top 200 companies. Barratt achieved an overall position at number 12. We are the 7th most successful in terms of Pre-Tax Profit, 3rd in terms of Net Capital Employed and 1st in terms both of Sales and Gross Cash Flow. Last year, Barratt built no less than 10,000 houses.

We continued to expand an already impressive property portfolio. We continued to build for the total housing market from £11,000 houses for first-time buyers to major inner-city redevelopment to £110,000 houses for the wealthier private buyer.

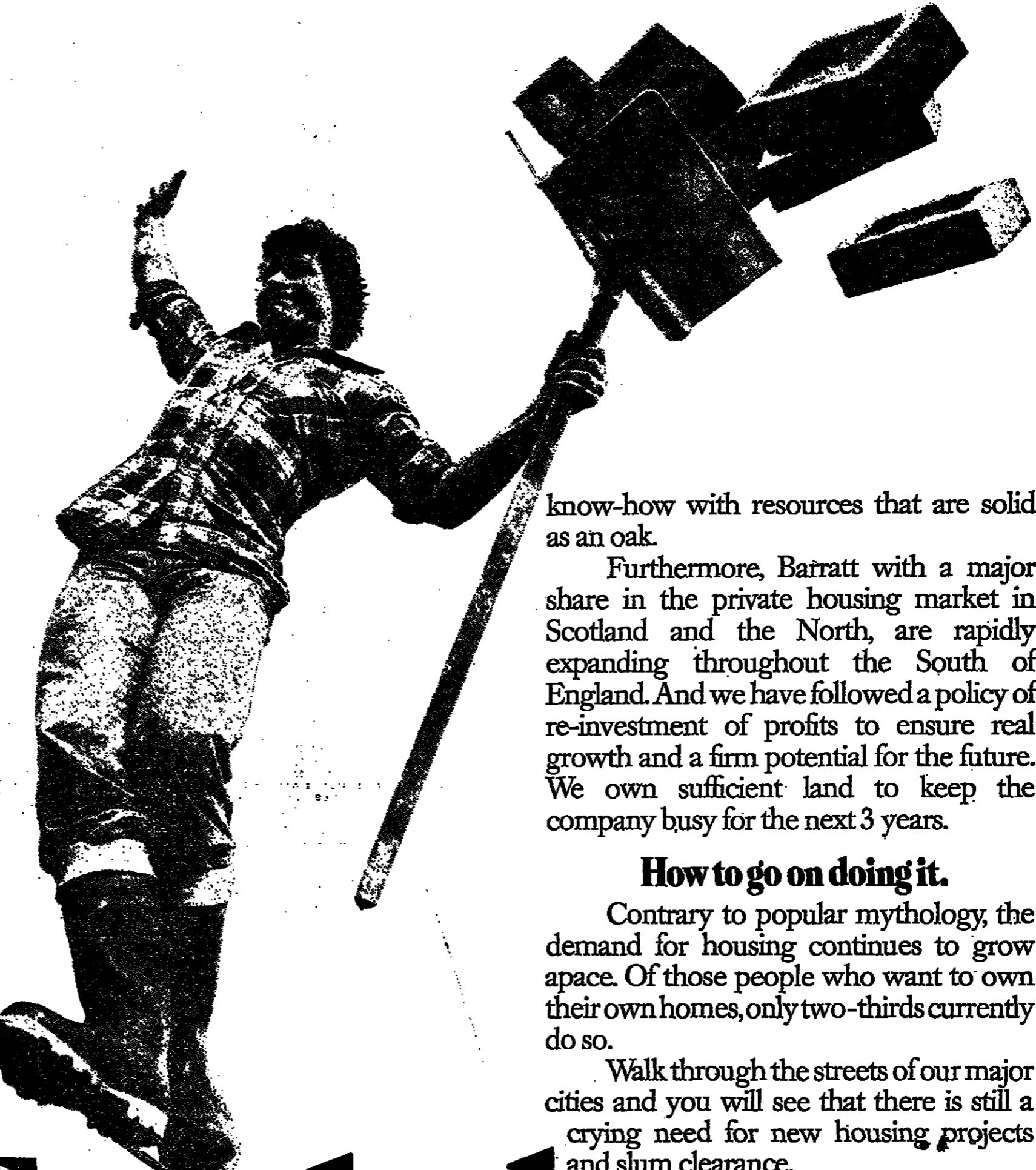
Our profitability stands at an all-time record of £20.7 m and we are currently operating 350 separate developments in the U.K.

Below we reproduce a graph which shows our rate of growth for the last ten years - which includes that notoriously difficult period of '73-'74, and last year's hard winter, which unbalanced so many companies in the industry.

Both the consistency and steadiness of our success in riding these forces will become immediately apparent.

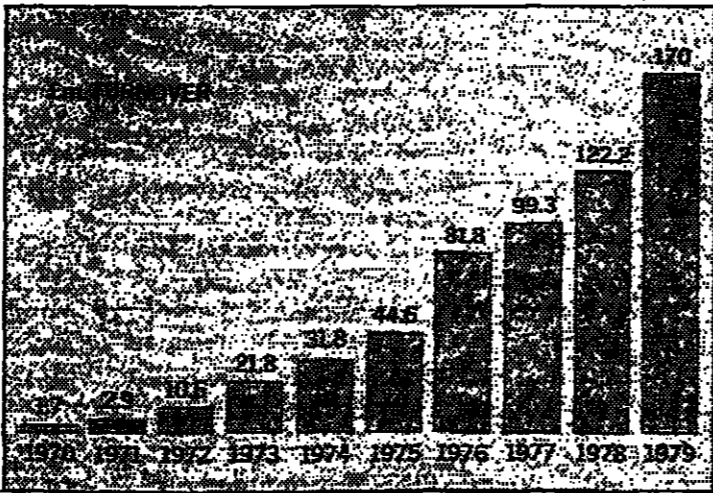
How to do it.

After 21 years nobody could account for Barratt's success in terms of luck or



Toppled.

property booms. Only a combination of tight managerial control and rigorous financial discipline could have weathered the severe regressive tendencies of the market. Another important factor has been Barratt's decision not to centralise: our 30 operating subsidiaries are genuinely independent local concerns, each with its own Managing Director.



The virtue here is that local builders have a knowledge of local areas which only years of experience can bring - yet the sheer size and stability of Barratt as a national company underwrites that local

know-how with resources that are solid as an oak.

Furthermore, Barratt with a major share in the private housing market in Scotland and the North, are rapidly expanding throughout the South of England. And we have followed a policy of re-investment of profits to ensure real growth and a firm potential for the future. We own sufficient land to keep the company busy for the next 3 years.

How to go on doing it.

Contrary to popular mythology, the demand for housing continues to grow apace. Of those people who want to own their own homes, only two-thirds currently do so.

Walk through the streets of our major cities and you will see that there is still a crying need for new housing projects and slum clearance.

Barratt have shown clearly their ability to make the most of the opportunities afforded them even during the most difficult post-war period.

Their confidence in themselves has been thoroughly justified by events. The current programme for commercial and industrial development on sites now owned or developments underway will increase rental income from the present £1.2m to over £3m by June 1981.

When these developments are completed the value of these investment properties presently over £20m will more than double, substantially adding to Barratt's reputation for solidity.

There can be little doubt of a continuation of this success.

Where others have toppled from the tightrope, Barratt have displayed a balanced assurance that can only augur well for their future.

For the thrills and spills of the high wire, try Billy Smart's Circus.



Companies and Markets

UK COMPANY NEWS

F. J. C. Lilley advances to £2.4m at six months

PRE-TAX profits of F. J. C. Lilley, civil engineering and public works contractor, advanced from £1.76m to £2.42m for the half year ended July 31, 1979...

comment

It is no picnic being in the civil engineering and public works construction business these days...

Looking to the contribution to profits being made by operations elsewhere, and also to the satisfactory state of its order book, they consider that the level of trading for the first half will be maintained...

CLUFF OIL SCRIP

The Board of Cluff Oil proposes a one-for-one scrip issue. It believes the issued capital should more closely reflect

EMC uncertain on prospects

Trading in the current year at Electronic Machine Company has continued slightly above the previous year's level, but as a result of the difficult economic climate, there are a number of uncertainties ahead...

shareholders' investment currently has a market capitalisation of about £21m.

F. Thorpe advances to £0.79m

TAXABLE surplus of F. W. Thorpe, makers of Thorlux lighting equipment, advanced to £791,387 in the year to June 30, 1979. However, it confirms directors' fears expressed at the interim stage...

McKechnie Bros Assoc. expands £2.5m

Sales of McKechnie Brothers, non-ferrous metal, chemical maker, engineer, rose from £101.9m to £121.1m and taxable profits expanded to £15.12m for the year ended July 31 1979, against £12.66m.

comment

The 26 per cent second half profits rise at McKechnie was above outside forecasts and the shares finished 5p better at 80p.

national freight haulage and trailer business.

The Receiver will be continuing to operate the company at least for the time being, in the hopes of finding a purchaser for the group on a going-concern basis.

British Assets advances

PRE-TAX revenue of British Assets Trust rose from £4.07m to £5.09m in the year to September 30. The dividend is being lifted 29 per cent from 2.4p net to 3.1p with a final quarterly payment of 0.75p.

Assoc. Leisure rises to £3.2m at half-time

A 12.5 per cent profits increase is reported by Associated Leisure, the amusement machines and hotels group. In the half year to September 16 the taxable surplus advanced from £2.55m to £3.2m on turnover up from £14.8m to £17.8m.

At present, about 8,000 amusement machines are being replaced annually with a new micro-chip version, which will be cheaper to service and probably last longer.

Upturn for Jersey Electricity

The stockholding division was continuing to make progress despite the poor industrial climate. But the scrap processing side was operating at a lower level of activity.

Saville Gordon sees £1.45m

J. Saville Gordon Group should at least equal last year's record profit of £1.45m, Mr. John Saville, the group's chairman, told the annual meeting.

Table with 3 columns: 26 weeks, 1978, 1979. Rows include Turnover, Depreciation, Trading profit, Int. and divs. rec., Interest payable, Profit before tax, Tax (estimated), Net profit, To minority, and Attributable.

comment

AL's first-half results, which disappointed the market, reflect the impact of the company's heavy investment programme.

Walker & Homer £87,000 loss

FOLLOWING the sharp fall from a depressed £48,482 to £36,166 at midway, Walker and Homer, maker of upholstered furniture, finished the year to July 31, 1979 with a pre-tax loss of £87,454 compared with profits of £44,320 in the previous year.

not paying a dividend this year. In 1978, an interim dividend of 0.45p was followed by a similar final.

Table with 3 columns: 1978-79, 1977-78, £. Rows include Turnover, Loss, Tax, Estimated credit, Net loss, Dividends, Debt forward, Profit, and Surplus arising on sale of property.

£26,293 compared with a £95,401 deficit previously. Loss per share is stated as 1.69p (1.05p).

The directors say that with inflation running at its present level it is almost impossible to increase prices fast enough to avoid short-term reductions in profit margins.

Receiver at Chris Hudson

Mr. Nicholas Lyle, a partner in Thornton Baker, chartered accountants, has been appointed receiver of Chris Hudson International (Limited).

WINDING UP RESCINDED

Winding-up orders made last Monday against two companies, Ronald Smith (Shopfitters) and Sneathoncourt, have been rescinded by Mr. Justice Oliver in the High Court.

INTERIM STATEMENT

Table titled 'Estimate of profit for the year ending 31st December, 1979.' Columns: 1979 (estimate), 1978 (actual), 1977 (actual). Rows: Group profit, Taxation, Provision for deferred taxation no longer required, Profit after taxation.

It is anticipated that a proportion of the tax charge for the year will again be deferred.

The ending of dividend restraint has enabled the Board to give effect to its long held intention to increase the level of distribution to stockholders.

The Chairman, Mr. T. P. H. Aitken, reports: In our 1978 annual report, Mr. F. M. Gill stated that the start to 1979 had been mixed, and although in my first report to you as Chairman I am disappointed at forecasting slightly lower profits before taxation than those achieved in 1978, I am more than pleased that at the net level our forecast is in fact an increase on last year.

The world economic picture that is painted for the months ahead is full of uncertainties. However, your company is well placed to cope with them. Plans are now in hand to move the company forward into the 1980's.

Gill & Duffus Group

St. Dunstan's House, 201 Borough High Street, London SE1 1HW. Tel: 01-407 7050 Telex: 887588

Overseas Subsidiaries in Acra, Bahia, Hamburg, Hong Kong, Kuala Lumpur, Madrid, New York, Paris, Rio de Janeiro, Singapore, Sydney, Takoradi, Toronto.



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Iveco: five European makes, with 350 years' experience between them. Working as one, with far greater joint research potential. Producing a specialized range of safe, reliable trucks and buses that are economical to run. Sharing a common heritage of tradition, resources and technological know-how.



IVECO A world of experience

NOTICE TO HOLDERS OF Kao Soap Company, Ltd. (Kao Sekken Kabushiki Kaisha) 6 per cent. Convertible Bonds 1992

London W.L. Luxury Furnished Apartments. Greengarden House, St. Christopher's Place in quiet, picturesque, pedestrianised area near Oxford Street. Fully-equipped apartments with maid service.

NORTH AMERICAN NEWS

Sharp rise in Mobil income

BY DAVID LASCELLES IN NEW YORK

THE DRAMATIC increase in American oil company earnings continues. Mobil the second largest U.S. oil company, more than doubled its net income for the third quarter...

Sohio, now 53 per cent-owned by British Petroleum, said its profits reached \$536m or \$3.03 per share, up from last year's \$135.7m or \$1.06...

Chrysler ceiling over \$750m, union claims

By Ian Hargreaves in New York

THE UNITED STATES Treasury has now definitely decided to give financial aid to Chrysler car company and will not insist on loan guarantees...

EUROBONDS

Prices in DM sector hit by new Carter issues

BY FRANCIS GHILES

PRICES of both domestic and foreign Deutsche Mark bonds weakened yesterday in the wake of the announcement on Wednesday that the U.S. Government is to issue DM4bn worth of foreign currency bonds...

insisting that any new issue of D-Mark bonds for the U.S. Government should be in the form of a fully marketable security which could thus be sold to a broad range of West German domestic investors.

The first tranche of the DM4bn Carter bonds will amount to DM2bn and will be issued early next month. It will take the form of "Kassenobligation" and German bankers were hoping that the bonds would come in denominations of DM 1,000,000...

Advance at G & W

By Our Financial Staff

THE FINAL quarter for Gulf and Western Industries showed net profit ahead at \$60.6m from \$37.5m on higher revenue from \$1.39bn against \$1.21bn. Per share earnings for the company...

Flintkote cool on Genstar bid

STAMFORD — Flintkote the building materials group announced that its Board is unable to recommend acceptance of a proposed tender offer by Genstar...

Exchange Commission violated Federal Securities Laws. Flintkote said its Board has instructed the company and its lawyers to "explore whether steps could be taken to remove or eliminate their presently existing anti-trust objections, which may include consultations with representatives of the FTC..."

TriStar losses hit Lockheed

By Our Financial Staff

LOCKHEED, THE aerospace group which supplies military and commercial aircraft, missiles and electronics, has made a third quarter net loss of \$120.4 million, compared with a profit of \$3 cents for the like 1978 period...

Schlumberger earnings ahead

BY OUR FINANCIAL STAFF

SCHLUMBERGER, the world leader in oil well logging equipment, yesterday announced further growth in earnings and sales in the third quarter of the current year. Sales rose by \$7 per cent in the quarter to a total of \$994.3m, while earnings at \$173.5m, put on 25 per cent...

In the first half of the year, Schlumberger was showing a gain of 90 per cent in operating revenue with net income 28 per cent ahead. Continued growth is expected throughout the early Eighties by conversion of traditional well logging apparatus to new computerized techniques...

Union Carbide Canada gains

By Robert Gibbens in Montreal

UNION CARBIDE Canada, one of the country's three largest chemical groups, earned C\$20.3m (US\$17.2m), or C\$1.92 a share, in the third quarter against C\$3.8m, or 30 cents, a year earlier on sales of \$185m (US\$156.78), against C\$132m.

SCM wins vote for survival

BY OUR NEW YORK STAFF

SCM CORPORATION, the conglomerate whose dissolution is being sought by a group of rebel shareholders, said yesterday that it had won a majority of proxy votes in its fight for survival.

move to dissolve the company and sell its assets at a hoped for price of more than double the company's current stock market valuation was "a sign of the times we live in." There were bound to be schemes and promises "seemingly designed to offer up short-term profits by turning these national troubles to quick advantage..."

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

AMERICAN QUARTERLIES

Table with columns for company names (ALBANY INTERNATIONAL, COX BROADCASTING, AMERICAN PETROFINA, ANCHOR HOCKING, ANHEUSER-BUSCH COS, ASHLAND OIL, BELL CANADA) and financial data for 1979 and 1978.

Table with columns for company names (FRANK B. HALL, HOLIDAY INN, JOHNSON & JOHNSON, ENVIROTECH, FOREMOST-MCKESSON, WALTER KIDDE, NEWMONT MINING, PERTEC COMPUTER, TEXAS UTILITIES, UNION OIL OF CALIFORNIA, WASHINGTON POST, WISCONSIN POWER AND LIGHT) and financial data for 1979 and 1978.

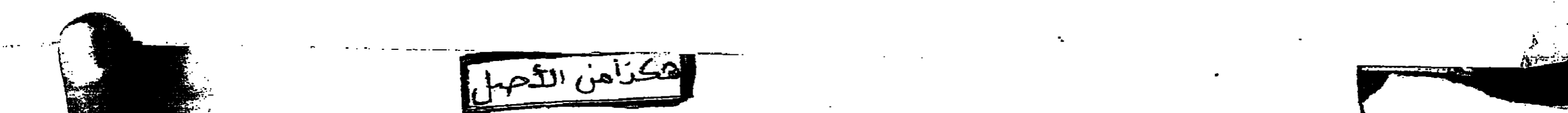
Table with columns for company names (PHILLIPS PETROLEUM, REVOLON, SUN COMPANY, TEXAS INTERNATIONAL AIRLINES, TEXAS UTILITIES, UNION OIL OF CALIFORNIA, WASHINGTON POST, WISCONSIN POWER AND LIGHT) and financial data for 1979 and 1978.

Table with columns for company names (OTHER STRAIGHTS, CONVERTIBLE, BONDS) and financial data including Bid, Offer, and Yield.

U.S. \$35,000,000 Floating Rate U.S. Dollar Negotiable Certificates of Deposit, due 28th April, 1982. The Tokai Bank, Ltd. LONDON. Merrill Lynch International Bank Limited Agent Bank.

U.S. \$20,000,000 Kay Capital N.V. Guaranteed Floating Rate Notes Due 1985. Kay Corporation. In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the three month period from 26th October, 1979 to 27th January, 1980 has been fixed at 16 1/2% per annum.

U.S. \$20,000,000 Kay Capital N.V. Guaranteed Floating Rate Notes Due 1985. Kay Corporation. In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the three month period from 26th October, 1979 to 27th January, 1980 has been fixed at 16 1/2% per annum.



Interim records at Hitachi and Mitsubishi Electric

BY RICHARD C. HANSON IN TOKYO

TWO OF JAPAN'S leading electric appliance makers, involved in heavy electric equipment manufacture, yesterday reported record first-half sales and net profit results at parent company level. Economic conditions had brightened considerably during the period with private spending for new plant and equipment and consumer spending both buoyant.

Hitachi, the leading general machinery manufacturer, said that its net profit rose 43 per cent in the six months to September 30, from the comparable year-ago half, to ¥26bn (\$111m). Sales gained 11 per cent to ¥543bn (\$3.5bn).

Mitsubishi Electric, the third largest integrated electric machinery maker, reported that net profit increased by 90.6 per cent to ¥12.03bn. Sales rose 22 per cent to ¥515bn.

In the second half of the fiscal year, to March, conditions in the economy may become considerably less favourable, as a result of higher oil prices, and subsequent inflation. Measures are expected to be taken by the Government to contain inflation, including a further tightening of credit.

Recent corporate surveys have shown that private capital spending in the first half of the

year expanded rapidly, particularly in the manufacturing sector. This growth, however, will taper off in the latter half which may influence sales and profit growth by the heavy machinery concerns.

In spite of these clouds on the economic horizon, Hitachi expects to post a 10 per cent increase for the full year in sales, from ¥1,509bn in fiscal 1978 and an operating profit increase of 23 per cent to ¥100bn. It declines to estimate net profit for the year.

Mitsubishi Electric, on the other hand, is forecasting a full year net profit rise of 72 per cent to ¥23bn. Sales are expected to rise 13 per cent to ¥1,055bn.

Of the two companies, Mitsubishi is the less strongly affected by planned slowdowns in the expansion of public works spending this year (especially in the electric power generating industry). Hitachi's first half sales in this area (22 per cent of the total) were up 7 per cent, while Mitsubishi's sales gained 14 per cent, accounting for 24 per cent of overall sales.

New orders received by Hitachi and Mitsubishi in the first half were up 15 per cent and 17 per cent, respectively. Hitachi's exports in the first

half (22 per cent of sales) fell by 4 per cent. Mitsubishi's exports (16.3 per cent) rose 29.3 per cent.

The best sales gains were recorded in the home electric appliance categories, the largest sales areas for both companies. Hitachi was up 16 per cent and Mitsubishi 27 per cent.

Hitachi showed equally rapid growth in the field of electronics, especially in the semiconductor and computer business. Mitsubishi also said that it was expanding semi-conductor sales, with additional capacity added in the last half through ¥7.2bn in capital spending. Mitsubishi's sales of small office computers are booming, with the company now claiming a 30 per cent share of the domestic market.

Sales of colour televisions, home video-tape recorders and other consumer durables fared well in both companies. There were sharp rises in summer sales of air conditioners and other seasonal products.

Hitachi said that it will announce consolidated results in December. Traditionally, Hitachi sales and income show much better results on a consolidated basis because of a number of highly profitable subsidiaries.

UOL buys share in Goldhill Square

By Georgie Lee in Singapore

UNITED OVERSEAS LAND (UOL), the major Singapore property developer, is to acquire a 25.6 per cent stake in Goldhill Developments Private Ltd. (GDPL), the owner of the proposed \$5100m Goldhill Square development. This continues UOL's drive into the commercial property sector.

UOL, which is an associate of the United Overseas Bank (UOB) group, said that its 99.9 per cent owned subsidiary, United Overseas Developments (UOD), had accepted an invitation to subscribe at par to 4.1m shares of \$41 each in GDPL.

The new shares will raise GDPL's existing issued capital of \$811.87m to almost \$916m (U.S.\$7.4m).

UOL recently acquired another commercial property, Malayan Credit House, which is located in the prime, Orchard Road district.

As part of the deal, GDPL has promised to declare a dividend of at least 5 per cent for the current year, ending December, and at least 10 per cent for each subsequent year until two years after practical completion of the proposed Goldhill Square.

Another condition is that UOD may require Goldhill Properties, which is the parent company of GDPL to purchase all the GDPL shares held by UOD at \$43 per share provided notice is given at any time from 18 months after the date of award of the main contract for Goldhill Square, but not later than 36 months from the same date or practical completion of the project, whichever is the later.

Among the other development projects undertaken by GDPL are two shopping and residential complexes, both of which have been substantially sold and are expected to make a significant contribution to the company's profit for 1979.

GDPL has secured planning approval for its Goldhill Square development, which will comprise a 28-storey triangular office tower over a three-storey shopping podium, on 23,862 sq metres of land. The site is located next to Goldhill Plaza in the Newton Road District, just outside the central business area.

Bank of NSW offshoot ahead

BY OUR FINANCIAL STAFF

AUSTRALIAN Guarantee Corporation, the listed finance subsidiary of the Bank of New South Wales, raised its consolidated operating profit after tax by 20 per cent to A\$53.42m (US\$69.4m) in the year to September 30, from A\$44.48m in the previous year. Revenue increased by 9.1 per cent to A\$499.24m (US\$556m), from A\$457.99m.

The final dividend is raised to 4.375 cents a share, from 3.75 cents. This makes a total payout for the year of 8.125 cents, against 7.5 cents, on earnings a share of 25.1 cents, against 20.9 cents.

AGC expects group profits to rise further in the current year — but believes the growth rate will be slower than in 1978-79, reflecting increased competi-

tion in the industry and a slow improvement in the Australian economy.

Gross receivables increased in 1978-79 to A\$3bn, from A\$2.61bn, and net receivables to A\$2.35bn, from A\$2.01bn. Insurance premium income fell to A\$69m from A\$76m.

Bad debt write-offs came to A\$17.1m, against A\$16.3m, and bad debt provisions to A\$22.9m, against A\$20.8m. There were abnormal write-offs of A\$5.1m (none the previous year).

The profit for 1978-79 is struck after tax of A\$41m, compared with A\$35.48m in the previous year. Interest of A\$197.63m (A\$181.63m), depreciation of A\$2.29m (A\$3.22m), and minorities of A\$797,000 (A\$251,000), but before net extraordinary profit of A\$160,000 (A\$614,000).

Lime production lifts Pretoria Portland

BY JIM JONES IN JOHANNESBURG

ONE OF South Africa's largest cement and lime producers, Pretoria Portland Cement (PPC), has reported a 5.5 per cent turnover increase from R130.8m to R138m (R167m) for the year to September 30, 1979.

Pre-tax profit advanced from R25.98m to R37.55m (R45.7m) but as previous tax offsets have been exhausted a proportionately higher tax bill held back the increase in consolidated net profits to R4.5m for a total of R20.7m compared with R16.2m.

After transfers to reserves for replacement of equipment and capital expenditure, distributable earnings rose from 86.1 cents to 97.8 cents per share from which dividends of 35 cents against 30 cents have been declared.

Cement turnover was hit by the loss of the important Iranian export market but although this affected the latest year's sales, management is confident that alternative export markets will compensate during the current year. Confidence in export potential is underlined by the planned construction of new cement plants near coastal

ports. Compared with an earlier planned R54m capital expenditure programme for the current year, plans are now to spend upwards of R61m. This will include the De Hoek cement plant 100 kilometres from Capetown and ideally placed to serve export markets.

With cement's setback last year lime production has become PPC's largest profit generator. The wholly owned subsidiary Northern Lime increased its attributable profit contribution to R6.7m from R3.8m on turnover of R38.3m. The cement division contributed a marginally lower R6.7m against R7.4m to attributable profit on turnover of R87.1m compared with R89.1m.

Management expects the current year to be better for the cement division in line with improvement in the building and construction industries. The lime division is also expecting increased demand, although management feels that last year's rapid rate of increase is unlikely to be sustained. In Johannesburg the shares are currently trading at 530 cents.

- * Profit before tax increased to £357,272 from £620,920.
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Sharp increase in earnings at JVC

By Our Financial Staff

VICTOR COMPANY of Japan (JVC), the audio equipment manufacturer and pioneer of the VHS formula video-tape recorders, raised after-tax profit for the first half of its financial year by 85.4 per cent to ¥2.91bn (\$12.4m), on a parent company basis, from ¥1.57bn in the same period last year.

Sales for the six months to September 30 increased by 28.4 per cent to ¥112.07bn (¥477m). The interim dividend is raised to ¥4.5 a share, from ¥3.75.

In 1978-79 as a whole, JVC raised parent company net profits by 26 per cent to ¥3.54bn, on sales up 14 per cent to ¥187.4bn. On a consolidated basis it reported net profits for the year of ¥48.3bn, on sales of ¥238.4bn, the first time it had released such figures.

North Borneo Timbers sells New Zealand stake

BY WONG SULONG IN KUALA LUMPUR

THE North Borneo Timbers Company has sold off its entire holding of 2.16m shares in Carter Holdings of New Zealand for slightly over 12m ringgit (\$5.5m) realising a small profit of 114,000 ringgit.

It said the money raised would be used to finance the group's reforestation plantation project in the east Malaysian state of Sabah and timber processing activities. The sale is in line with the company's policy of liquidating its holdings in areas which are not directly related to its timber business.

* RALEIGH CYCLES BERHAD is to acquire another Malaysian bicycle manufacturer, Far East Metal Works (FEMW) for 3.884m ringgit (\$1.78m). The

purchase of the 3m 1 ringgit shares will be satisfied by the issue of 1.075m shares of Raleigh, plus 1.38m ringgit cash.

Raleigh, which had complained about the proliferation of small manufacturers in the Malaysian bicycle market, said that it expects to obtain substantial cost savings from the acquisition by getting some of its component parts from FEMW.

It also expects to make a pre-tax profit of not less than 750,000 ringgit from the enlarged operations for 1980. For the first half, ending June, Raleigh made a loss of 54,000 ringgit, largely because it did not make any sales to Nigeria, its main export market, during the period.

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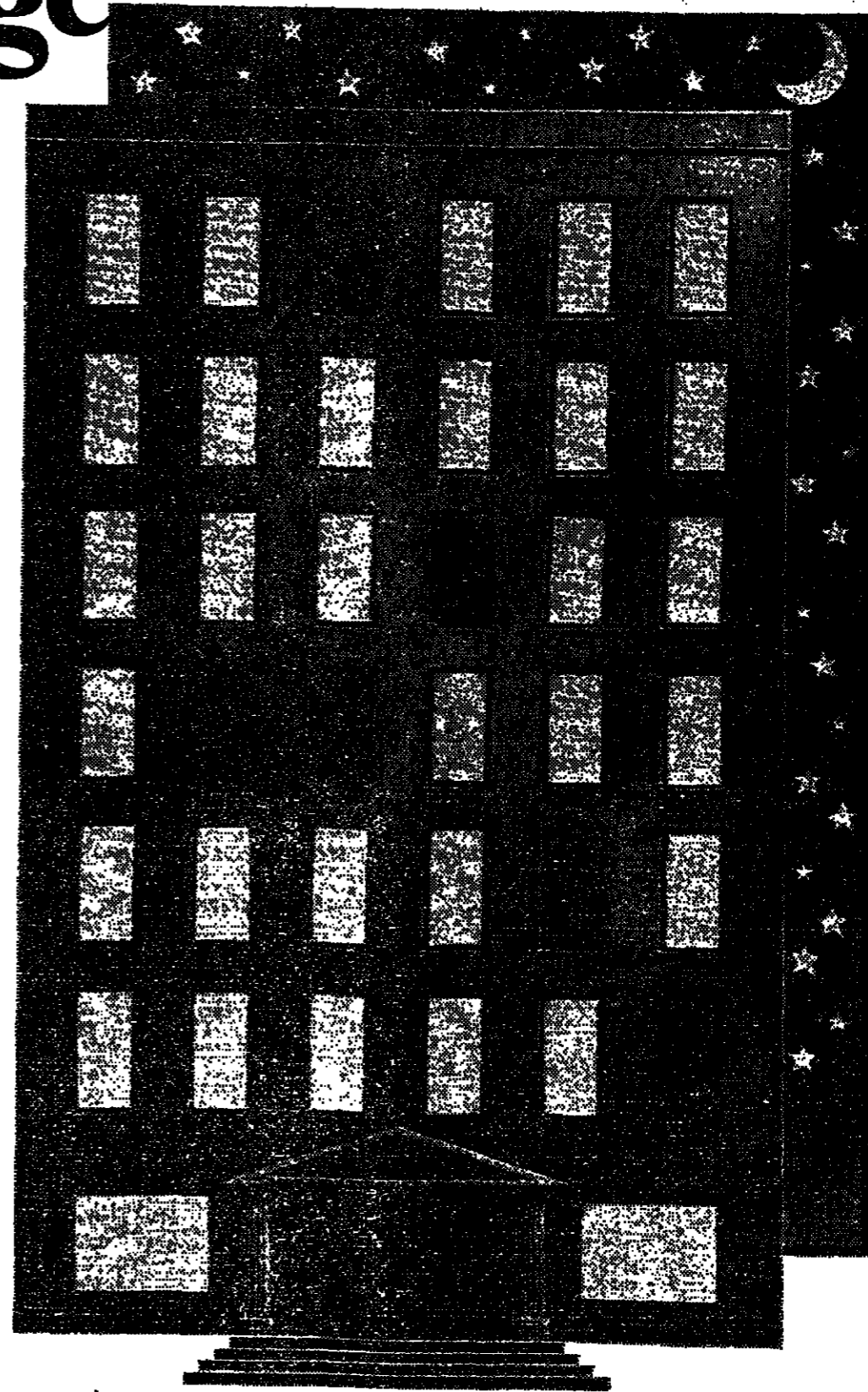
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مكتبة الأصيل

Armstrong ready for battle after five takeovers

BY RAY MAUGHAM

SOMETIME around the turn of this year, Armstrong Equipment intends to stop buying companies, for a while. In the 12 months to July 1, the automotive components manufacturer made five acquisitions, failed with an offer for Jenks & Cattell, and has since concluded a major twin deal with Guest Keen and Nettlefolds.

The expected hiatus will allow investors to draw much-needed breath. The hectic level of dealing in the last financial period was only an accelerated extension of a two-year acquisition programme. Over this time, Armstrong has widened its automotive components base, strengthened its hold in the fastenings market and replaced an unwieldy parts distribution network with the beginnings of a regional warehouse organisation supplying only the group's five main automotive products—shock absorbers, silencers, brake components, batteries, and rebuilt electrical components.

The key deal was the sale of the Autoparts network of around 125 outlets to GKN which was accompanied by the purchase of GKN's fastenings subsidiary, Firth Cleveland. Armstrong's net receipts, allowing for Autoparts' debt, was £14m of which around half will be applied to a reduction of overdrafts.

Autoparts made pre-tax profits of £1.5m on sales of £22.1m in the last financial year after previous losses of around £700,000. While GKN has spent heavily in its efforts to penetrate this £1.5bn market, Armstrong had never been entirely comfortable with this form of distribution. It is now laying the groundwork for a chain of wholesale warehouses based on its own products to be complemented by a spread of some 200 fitting shops.

On the other side of the transaction, Firth Cleveland produced trading profits of just £14,000 in the first half of 1979 on sales of £4.5m but, characteristically, Armstrong's chairman, Mr. Harry Hooper, is convinced that the new fastenings subsidiary will shortly be pulling its weight.

The success of other recent acquisitions offers ample evidence to back up this conviction. Crane's Screw, the fastenings subsidiary acquired in 1977, improved profits from £40,000 to £400,000 within 12 months, says Mr. Hooper. The turnaround at Howard Tenens Engineering (Willenhall), manufacturing replacement parts for

vehicles and cabs in the commercial and agricultural sectors, is expected to be even more dramatic.

Purchased for £2.65m in April this year, the Willenhall operation makes a significant addition to Armstrong's presswork and assembly capability but is estimated to have suffered a deficit of £900,000 pre-tax and exceptional items in the 10 months to the end of January. But Armstrong claims to have restored profitability by July and it is clear that swift action to make 300 of the 1,000-strong workforce redundant has played a major part in this recovery.

"Our strength is that we know what to do in engineering companies," says Mr. Hooper, "but a lot of companies don't bite the bullet." The problem, he believes, generally stems from overmanning—and very often managements know they are overmanned. "We know what manning levels should be through experience," the chairman declares "or it takes us about 10 minutes to find out."

He had expected to "apply our usual treatment" to Jenks and Cattell, a manufacturer of metal pressings, steel washers and garden tools. But the £1.8m cash bid launched last May failed, leaving Armstrong to ponder the future of its 29 per cent stake in Jenks shares. At the same time, it may be possible to find reasons for this uncharacteristic failure. Jenks' main factory is sited very close to Howard Tenens' own plant and, after seeing the employment shake-out across the road, so to speak, it was natural for the unions to rally behind the board in its resistance.

Undeterred, Armstrong expects to make further bids before the planned respite and a steel stockholder is near the top of the shopping list. The group's component operations now need a sizeable source of steel supply, and the additional throughput that Armstrong intends to push into the stockist is designed to widen margins.

Past experience suggests that new acquisitions will come cheaply. A feature of recent deals is the important stakes Armstrong has been able to pick up ahead of a bid. Furthermore, the group has been able to pull off deals substantially below asset values. Firth Cleveland's net worth is £3.3m while the other five deals in the last financial year came in at an average 22 per cent discount to net worth.

The obvious inference is that Armstrong is buying into sectors



Mr. Harry Hooper, Armstrong's chairman

that have become unfashionable. Commenting on its own fastenings operations, for example, BSG International observed recently that although there were signs of an improvement in the distribution field where there was freedom to buy from the most competitive sources abroad, "British manufacturing costs of fasteners are generally no longer economic."

The prognosis is certainly gloomy and Armstrong recognises that "the dissolution of areas of mechanical engineering in the UK does not create a healthy climate for rapid expansion." Mr. Hooper, however, is determined to "pit our ability against this slide" and insists that the fastenings division remains "highly profitable."

Conceding that "we could do a lot more if we had a motor industry in this country," one of Mr. Hooper's recurrent themes is the regeneration of the British industrial base. He admits that Armstrong is rowing against the tide and calculates that external strikes probably clipped last year's profits by around £2.5m. Instead of the stock market's original hopes of profits in excess of £12m last year, they were only marginally up at £8.7m.

The chairman admits that the recent engineering strike "was much more disastrous than people believe" and is not yet certain whether the group made any money in the first quarter

of the current financial year. Although Armstrong expects to pull back very quickly, annual budgets have been trimmed by about £1m pre-tax.

But, once again, Mr. Hooper is bullish for the current year. The range of original equipment products for the automotive industry has been augmented by the acquisition of Dynac, producing batteries, in a £537,000 deal last May, and Hillcrest Engineering was added to the Gandy Friction range of brake pads and clutch face linings for £240,000 in June last year.

Traditional expertise in shock absorbers and exhaust systems is expected to make much of the running. The concept of the "world car" has not been lost on Armstrong and while Mr. Hooper watches from his headquarters with some irritation, the flood of imported Fords coming through the docks at nearby Hull, the group has developed important operations in Spain, where Ford is the group's major customer (from an admittedly broad spread).

Penetration of the French market has proved rather more difficult. Newton, a shock absorber manufacturer located west of Paris was acquired recently for £400,000 and, as Mr. Hooper admits: "It was the largest company we could get." Capacity, however, has been raised by the transfer of redundant shock absorber plant since the Canadian manufacturing operation was closed just over a year ago.

The group will not be tempted into the U.S. manufacturing sector, on the other hand, believing that the line of management communication over 3,000 miles is just too long. So it remains dependent on the evolution of European cross-frontier sourcing. It may be significant that Armstrong has recently won its first major order for silencer original equipment. This follows its success in cutting production costs by a third on the introduction of computer controlled machinery allied to weld-less jointing. The silencer, built at the ex-Imperial Typewriter factory in Hull, will go into Ford's Erika which replaces the Escort next June.

The track record, allowing for the strike-induced plateau last year, is good and prospects for shock absorbers and exhaust systems look promising. Much, however, depends on Armstrong's brave attempt to strike out against fashion and "the degradation of Britain's industry."

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Alberta-Ontario oil tug-of-war

ALBERTA'S oil industry is at the centre of one of the major controversies putting pressure on Canada's fragile political balance. At the end of the year, the oil-pricing agreement between the federal government and the government of Alberta runs out and, for some months now, the political sparks have been flying as Canada's new conservative government tries to find a compromise between Alberta, the main oil-producing province, and Ontario, the heart of Canada's industrial base.

Since the mid-1970s, Canadian policy has been to push oil prices to OPEC levels, to promote conservation of a dwindling supply of conventional light crude oils, attract investment in the production of heavier and non-conventional oil sources and staunch the drain on the federal treasury of a costly programme by which oil imported into eastern Canada is subsidised to bring its price down to Canadian levels. To achieve this, the policy has been to increase the price of oil by C\$1 a barrel each six months. But because OPEC has increased the price of oil so rapidly, the gap between Canadian and OPEC prices has widened rather than narrowed. Alberta's Premier Peter Lougheed has been insisting that the goal of Canadian policy must be to get Canadian prices to world levels as soon as possible, a natural position for a head of government whose provincial coffers garner half of any price increase. Ontario's Premier William Davis has been adamant in his stand that Canadian policy should ignore world prices as they are rigged and that the damage to Ontario's industry outweighs any benefits of a rapid price escalation.

Sources close to Mr. Lougheed and the Canadian Government say a compromise is very close, and Canada's Prime Minister, Mr. Joe Clark, is proposing a federal-provincial meeting to iron out final details of a package which might emerge by next week. The rate of increase in the price of oil will be at least doubled. The current Canadian price of C\$13.75 a barrel will go up by at least C\$2 a barrel on January 1 and by the same amount on July 1. While the package may include an increase in Federal excise tax on petrol, Mr. Clark has suggested that Canadian prices should not rise so fast that the price in Canada will be higher than the price paid by U.S. refiners in Chicago. While this leaves room for the larger price rises expected next year, it also will ally Ontario's fears that its industry will lose competitiveness. The other elements in the policy include a change in the

price formula for natural gas, some form of relief for low and middle income consumers—although this will not be tied to oil use as the Government wishes to promote conservation—and the establishment of some sort of recycling facility for the petrodollars that will flow to Alberta's coffers.

The recycling facility, which is likely to take the form of an investment fund in which all provinces and the federal government participate, will put some of the increased flow of cash to Alberta from the accelerated price increases back into energy projects in other provinces. While all participants will contribute equity to the facility, the federal government is looking to Alberta to take up most of its paper, for the province has been pouring 30 per cent of its non-renewable resource revenue into a trust fund which is making investments against the day the oil runs out. But this has already reached C\$5bn and its managers are having problems finding appropriate investments for it. Its partial use for investment in energy projects throughout Canada would be of the long-term nature which Mr. Lougheed has suggested the fund could make and it would lower the criticism of the fund which is building up throughout Canada.

Reserves drop

Mr. Lougheed is correct when he says Alberta does have to plan against the day that conventional crude oil supplies run out. The latest report of the province's Energy Resources Conservation Board shows that Alberta's established oil reserves declined for the ninth consecutive year in 1978. Remaining established reserves peaked in 1969 and have fallen steadily since then. Nevertheless, while production has dropped from a 1973 peak of 523m barrels a year to about 377m barrels during the last three years, the board expects annual additions to reserves to average 150m barrels over the next five years. This is a better performance than the average of 110m barrels a year through the first nine years of the 1970s, mainly because of West Pembina, a newly-discovered field near Edmonton, which may contain up to 1bn barrels. Because of sluggish gas markets, the industry has shifted a portion of its exploration effort, which has been going flat-out to oil prone areas. Most of the attention is being given to deeper formations ignored in earlier exploration efforts, and which require extremely sophisticated exploration techniques to locate. The industry has also

received a boost this year from the flat-out operation of the oil pipeline from Sarnia, Ontario, to the Montreal market. Western Canadian crude is being pumped into Montreal to displace imports and the chairman of the provincial government's oil marketing agency, Wayne Minion, suggests production will be up by close to 20 per cent. However, it is difficult to see how this pace can be maintained unless supplies can be developed quickly of non-conventional oil, from the up to 1,000bn barrels locked in Alberta's legendary Athabasca tar sands and the heavy oil deposits of the Peace region and Cold Lake.

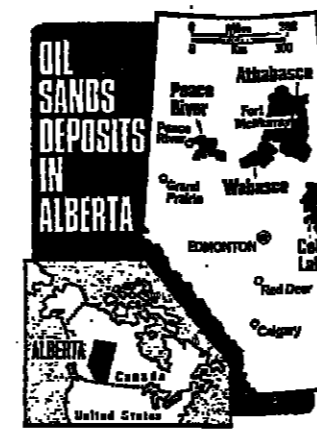
Increasing crude oil prices is seen by Alberta, the federal government and the oil industry as basic to solving the problem of declining supplies. Quite apart from conservation, the improved returns would promote costly techniques for squeezing the last remaining drops of oil out of conventional reservoirs. The provincial Energy Resources Board estimates that after 1983, when enhanced recovery techniques are likely to become technically and commercially feasible, average annual additions will increase gradually, peaking at 176m barrels per year by the 1990s.

Even so, M. Hans Maciej, technical director of the Canadian Petroleum Association, says that the 1970s have seen the passage of the era of the conventional oil industry in the province and that the 1980s will be the era of non-conventional crude.

The financial, environmental and technological hurdles to extracting oil from the glutinous mess which makes up the Alberta tar sands and the only slightly less problematical heavy oil deposits of the Cold Lake and Peace River regions, remain high. But particularly with the upsurge in world oil prices of the past 12 months, the balance of economic extraction has swung in their favour.

It remains a matter of speculation just how much of the 1,000bn barrels is extractable. But the technology is moving ahead, albeit slowly, and the world price structure applied to heavy oil because of the high, and high-risk, investment involved in producing a lengthening line-up of concerns ready to have a go.

At the moment, there are only two commercial-scale operators: Suncor's C\$2.4bn oil sands plant went on-stream last year, but despite the building up of a number of backup facilities to cope with a number of anticipated production problems, further snags have been



struck. At the moment, the plant's No. 2 coker unit is shut down, and production is running at 50,000 barrels per day instead of the 100,000 b/d it has been managing in recent months. The plant should be working normally soon and heading towards its rated output of 128,000 b/d; there is also the prospect of adding a further 50,000 b/d later. But the latest problems come on top of others encountered last winter: the stockpiles of oil sands mountains built up for processing froze to a solidity that heavily taxed equipment, and there have been other less-major problems. Nevertheless, although Suncor is not operating profitably in these early days, both company and the provincial government—which has a C\$229m stake in the project—are confident that it will prove its worth over its expected 25-year lifetime.

The other existing project is the veteran of the sands: Great Canadian Oil Sands started mining them back in 1967. But mitigating against its profitability was the relatively small scale of extraction, a maximum 45,000 barrels a day if nothing went wrong. Recently, GCOS merged with Sun Oil to become Suncor, and has approval to add about 12,000 bpd in capacity, possibly operational in two years.

Meanwhile, two other major projects have been approved. The first is that of the Alsands Project Group, a consortium of nine companies headed by Shell Canada, which is proposing a plant in the Athabasca sands capable of producing 140,000 barrels a day of synthetic crude oil and liquefied petroleum gases; the second, a heavy oil extraction plant proposed for the Cold Lake region by Esso Resources Canada, which would also provide 140,000 bpd of crude. Each would require capital investment of C\$5bn-plus, and would not come on stream before 1986 at earliest. However, despite Alberta's declared willingness to remove

royalty and tax hurdles to bring such plants on stream, there is still a good deal of haggling to be done on just how revenues will be shared between industry, Albertan and federal governments. So far, the horse-trading has been done on a plant-by-plant basis, and the industry is still looking for governments to produce an overall regime for non-conventional oil plants which, they say, is necessary if the lead time of six or seven years for currently planned plants is to be cut and a succession of such plants brought on stream.

What happens to the discussions of the Alsands and Esso Resources projects will probably decide the pace at which other companies move from the pilot project stage to full-scale commercial exploitation. More than half-a-dozen pilot projects are proceeding of varying size, into which an assortment of companies has sunk nearly \$1bn. Among them is BP, whose project in the Cold Lake area is investigating variations on the "huff and puff" technique most favoured in the heavy oil sands—steam is "huffed" deep into the deposits to soften the oil then, in theory, the oil "puffs" to the surface. BP's variation is to add water injection to keep up pressure on the oil being displaced; others, working with the provincial Alberta Oil Sands Technology and Research Authority, are trying similar diverse techniques.

Gas bonanza

Meanwhile, a strong and successful exploration effort for natural gas during the 1970s has provided Alberta with far more than it can sell. And while both Canada and the U.S. must import hydrocarbons, the paradoxical situation of the Alberta gas industry seems likely to persist for some time. Significant increases in gas sales are not possible without Canadian Government approval of major new gas exports or without pricing policy changes to boost domestic sales. Both changes in policy seem possible but, at the present pace of policy developments in the gas industry, unlikely before the end of 1980. And, unless there are positive signs that the needed developments are going to take place, the industry has warned that there will be a slow-down in industrial activity.

Canada has pegged the export price of gas to the world price of oil—at 85 per cent of the oil price on an energy equivalent basis—and on November 4, it will go to US\$3.45 per 1,000 cu ft, 65 cents higher than at present, though still below the \$3.60 per 1,000 cu ft nego-

tiated recently on Mexican gas supplies to the U.S. If OPEC raises its prices later this year, as expected, another Canadian increase would be required early in the new year.

The last five years have been the most successful in the industry's history with, on average, annual discoveries of 113 bn cubic metres of gas, nearly double the industry's production, according to the Alberta Energy Resources Conservation Board. The board estimates that only 60 to 65 per cent of the gas potential has been proven at present price policy and technology and only 43 per cent of reserves if prices increase to higher levels than presently foreseen or if technological advances that would increase production from tight formations are realised.

While the board expects annual additions to reserves to continue to fluctuate widely as they have in the past, it also expects that the average will gradually decline as the opportunities for new discoveries decrease. By 1990, it believes that additions to reserves will drop to 31bn cubic metres a year, and to 20bn cubic metres by 2000. In the short run, the slowing in demand is starting to pinch some of the smaller producers who have not generated a cash flow from their recent discoveries. While the situation is not yet tight enough to lead to a general slowdown in industry activity, the view is that there will have to be firm indications by next spring that the policy logjam will be broken or exploration plans for the winter of 1980-81 will be cut back.

The gas industry has proposed new exports totalling 9 trillion cubic feet over the next 15 years. The National Energy Board is expected to report its findings on the export applications to the Canadian Government in November. But some observers expect the board will approve conditional exports of only two to three trillion cubic feet over the next five years.

Depending on the state of negotiations between Canada and the U.S. on the building of the gas pipeline from Alaska to the lower 48 states through Canada, the exports could be part of a plan for the pre-building of the southern legs of the Alaskan highway pipeline system.

The National Energy Board is also considering a plan to extend the domestic gas pipeline system east from Montreal, while such a pipeline would increase domestic markets for Alberta gas and substitute gas for some imported oil, the economics of such a line are generally considered dubious.

A FINANCIAL TIMES SURVEY

FRANCHISING

NOVEMBER 28, 1979

The Financial Times is proposing to publish a Survey on Franchising. The provisional editorial synopsis is set out below:

INTRODUCTION A look at how the franchising system works and why it is one of the fastest-growing sections of the retail industry. The prospects for the industry in the 1980s.

WHY BECOME A FRANCHISEE? What are the personal attractions of franchising? A detailed look at the financial and business aspects for the franchisee.

FIRST-GENERATION FRANCHISES \$5,000 "first-generation" franchise operations are at present being run in the United Kingdom, a look at how these have grown and their future developments in the 1980s.

SECOND-GENERATION FRANCHISES. The newer franchise operations—such as fast foods or cleaning services—and how they work.

FRANCHISING SECTORS IN DETAIL A more detailed look at the companies and opportunities in franchising:

- (a) Foods — restaurants, take-aways, ice cream, etc.;
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FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

The content, size and publication dates of Surveys in the Financial Times are subject to change at the discretion of the Editor.



Electric heating saves Pretty Polly £20,000 a year

"We produce three million pairs of tights every week" says Brian McMeekin, Managing Director of Pretty Polly Limited "and we need to be sure that our investment in new plant will keep up our productivity, our quality standards and show a good return".

With existing drying equipment approaching the end of its useful life, Pretty Polly's Group Electrical Engineer needed to find a replacement which would give the necessary technical performance and achieve savings in energy costs if possible. He talked to East Midlands Electricity Board's Gerry Pilkington who recommended electric RF heating as a possible solution. A visit to a factory using a similar electric system convinced Pretty Polly that it offered real advantages. They were put in touch with Pye Thermal Bonders who successfully tendered for a purpose-built conveyor unit.

"With the new equipment we are not only getting the output we want and experiencing fewer rejects" says Brian McMeekin "but, we are also achieving an energy cost saving of £20,000 a year on one process alone, and that means a payback on our investment in under two years".

Left: Brian McMeekin, Managing Director of Pretty Polly Limited (centre) discusses electric drying with Fred Anderson (right) his Group Electrical Engineer and Gerry Pilkington of East Midlands Electricity Board.

Right: The compact new electric RF drying unit installed at the Sutton-in-Ashfield Pretty Polly factory. Another unit is now on order for the Killarney factory.



INVESTELECTRIC

The Electricity Council, England and Wales

مکان التحويل

CURRENCIES, MONEY and GOLD

£ and \$ quiet

STERLING ROSE slightly while the dollar eased in very quiet foreign exchange trading. Currencies generally moved within a narrow range with little to influence the market. The only exception was the Canadian dollar which gained ground against its U.S. counterpart on the news of a rise in Canada's bank rate to 15 per cent from 14.50.

THE POUND SPOT AND FORWARD

Table with columns: Oct. 25, Day's spread, Close, One month, Three months, % p.a. Includes entries for U.S., Canada, U.K., Denmark, Ireland, Portugal, Spain, Italy, Norway, Sweden, Japan, Austria, and Switzerland.

Belgian rate is for convertible francs. Financial franc 62.50-62.50 pm. Six-month forward dollar 0.38-0.45c ditto, 12-month 0.15-0.20c ditto.

THE DOLLAR SPOT AND FORWARD

Table with columns: Oct. 25, Day's spread, Close, One month, Three months, % p.a. Includes entries for U.K., Ireland, Australia, Belgium, Denmark, Portugal, Spain, Italy, Norway, France, Sweden, Japan, and Switzerland.

UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY RATES CURRENCY MOVEMENTS

Table with columns: Oct. 24, Bank Rate, Special Drawing Rights, European Currency Unit, Oct. 25, Bank of England, Morgan Guaranty, Index changes %.

OTHER MARKETS

Table with columns: Oct. 25, £, \$, and Rate. Includes entries for Argentina, Australia, Brazil, Canada, Denmark, Hong Kong, Iran, Korea, Luxembourg, Malaysia, Saudi Arabia, Singapore, and South Africa.

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns: Currency, Oct. 25, Oct. 24, % change, % change against ECU, Divergence limit %.

EXCHANGE CROSS RATES

Table with columns: Oct. 24, Pound Sterling, U.S. Dollar, Deutsche Mark, Japan's Yen, French Franc, Swiss Franc, Dutch Guilder, Italian Lira, Canada Dollar, Belgian Franc.

SIBO-CURRENCY INTEREST RATES

Table with columns: Oct. 25, Sterling, U.S. Dollar, Canadian Dollar, Dutch Guilder, Swiss Franc, West German Mark, French Franc, Italian Lira, Asian \$, Japanese Yen.

INTERNATIONAL MONEY MARKET

Interest rates continued to climb on both sides of the Atlantic yesterday as Canada put up its Bank rate to a record 14 per cent and French call money touched a three-year high at 11 per cent. The Canadian Bank rate has now been pushed up five times this year, having stood at 10 per cent in January and February.

GOLD

Gold fell \$2 to close at \$391.385 after a very quiet day. It opened at \$393.394, the highest level of the day, and was fixed at \$391.50 in the morning, and \$391.50 in the afternoon. The lowest point touched was \$388.390.

UK MONEY MARKET

Conditions in the money market were easy, with call money at 10 per cent and overnight business dealt at 6 per cent.

UK MONEY MARKET

Moderate help

The shortage of credit continued in the London money market yesterday, and the authorities gave assistance on a moderate scale. This comprised small purchases of Treasury bills and a small number of corporate bills, all direct from the discount houses. They also bought a small number of eligible bank bills for resale at a

MONETARY RATES

Table with columns: NEW YORK, Oct. 25, Oct. 24, % change, % change against ECU, Divergence limit %.

LONDON MONEY RATES

Table with columns: Oct. 25, Oct. 24, % change, % change against ECU, Divergence limit %.

MONETARY RATES

Table with columns: NEW YORK, Oct. 25, Oct. 24, % change, % change against ECU, Divergence limit %.

LONDON MONEY RATES

Table with columns: Oct. 25, Oct. 24, % change, % change against ECU, Divergence limit %.

COMPANY NOTICES

CANADIAN OVERSEAS PACKAGING INDUSTRIES LIMITED (Incorporated under the laws of Canada) DIRECTORS: A. KALMANSON, M. KALMANSON, J. G. MCILREATH, J. LAMARCA. NOTICE OF A SPECIAL GENERAL MEETING OF SHAREHOLDERS.

APPOINTMENTS

Finance Director. Rapid, profitable growth of this group of companies creates the need for reallocation of duties at top level and a new appointment to the Board. Part of a large British enterprise, the group has sales in excess of £100m, manufacturing medical equipment in the UK and overseas.

NOTICE OF RATE OF INTEREST

Bank of Tokyo (Curacao) Holding N.V. US \$50,000,000. Guaranteed Floating Rate Notes due 1989. Payment of the principal of, and interest on, the Notes is unconditionally and irrevocably guaranteed by The Bank of Tokyo, Ltd.

LEGAL NOTICE

IN THE HIGH COURT OF JUSTICE Chancery Division. In the Matter of PENTA HOTEL (U.K.) LIMITED and in the Matter of the above-named Company. NOTICE IS HEREBY GIVEN that a Petition was on the 5th October 1979, presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the Share Premium Account of the above-named Company from £2,700,000 to £1,200,000.

PUBLIC NOTICES

AGRICULTURAL COUNCIL BILLS. The Agricultural Council Bills, introduced by the Government on 15th October 1979, are now being considered by the House of Commons.

ART GALLERIES

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EXHIBITIONS

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PERSONAL

COME TO BUY OR SELL. Coins and Medals at the Royal Mint. 10-11, Cannon Street, London EC4A 3DF.

TRAVEL

GENEVA, Paris and Rome with visits to the Swiss Alps. 10-11, Cannon Street, London EC4A 3DF.

BANK ACCOUNTING

An international bank in the City has a vacancy for an experienced accountant, who will become their Assistant Chief Accountant. Candidates must have obtained substantial relevant experience, preferably in an international bank. A professional qualification, either accountancy or banking, is expected.

STAMPS, COINS AND MEDALS

8th DECEMBER 1979. The Financial Times proposes to publish a Survey on Stamps, Coins and Medals. For further advertising details please contact: RICHARD JONES, Financial Times, Bracken House, 10, Cannon Street, London EC4A 3DF. Tel: 01-248 5122 (direct line) 01-248 8000, extension 323.

Vertical text on the left edge of the page, including 'FINANCIAL TIMES' and 'OCTOBER 26 1979'.

THE PROPERTY MARKET BY ANDREW TAYLOR

Upturn abroad unlikely after exchange controls go

ANY MAJOR upsurge in UK investment in overseas property in the wake of the decision to abolish exchange controls would appear highly unlikely, judging from the reaction of some of the country's largest property developers and investment institutions.

Most welcomed the Chancellor's move but thought that the scrapping of controls would make very little difference to their investment decisions.

Few, if any, of the large institutions or developers have ever held back from making overseas property

investments simply because of exchange controls.

Their financial muscle has been sufficient to allow them to use back-to-back loans, or parent guarantees for overseas loans by subsidiaries, as ways of avoiding the dollar premium.

Moreover, barring one exception, all of the most serious constraints on financing overseas spending and investments had already been removed when the abolition of exchange controls, altogether, was announced on Tuesday.

In a first package of measures in June, the Govern-

ment permitted direct investment into individual overseas projects, without using the premium, up to a ceiling of £5m per project per year. The two-thirds rule restricting re-investment of overseas profits was also abolished.

The following month the Government removed any ceiling on direct overseas investment and at the same time relaxed controls on refinancing of overseas borrowings.

The new aspect to arise from the scrapping of controls will be that companies will now be able to issue their own shares when bidding for overseas businesses. Pre-

viously this would have given rise to a potential liability to the dollar premium.

Most institutions and developers regard the earlier measures as much more significant.

Mr. Christopher Benson, managing director of developers MEPC, says: "Since the summer we have been able to refinance or repay some of our overseas debts, which has given us more financial flexibility."

"The scrapping of controls, now, is just the icing on the cake. However, in practical terms I cannot see that this will mean any greater or lesser investment overseas."

Mr. Wallace Mackenzie, managing director of Slough Estates, the largest UK industrial property developer says: "The earlier relaxations were significant in that since July we have been able to invest money directly into overseas subsidiaries, in the U.S., Australia and Belgium."

Mr. D. E. Jackson, property investment director for the Post Office Superannuation Fund said: "I can think of no instance where we have been precluded from making an investment because of exchange controls. The problem has been to find the right kind of investment opportunity."

New units issue

PENSION Fund and Property Unit Trust this week launched a new issue of units and with it a warning that rental growth and demand for accommodation may now become less buoyant in the face of an uncertain economic and industrial climate.

But despite this warning FPFUT's chairman, Cecil Baker, is confident that: "Property investment, nevertheless, is likely to continue to provide higher rates of return—capital and income combined—than alternative types of investment."

The issue is at a net subscription price of £1,990 per unit to yield 4.7 per cent and subscription date is next Wednesday, October 31.

Mr. Baker said that although the market is currently fairly quiet "demand for prime properties is still strong and investment yields have remained remarkably stable."

FPFUT established in 1966 was largely designed to provide a vehicle for smaller pension funds seeking to invest in property but which perhaps lacked the financial muscle or professional management expertise in property of the larger funds.

At the end of last month there were 595 pension funds holding units in the Trust which was valued at £240.5m. This represented 129 properties with a total income of £10.9m. FPFUT is now one of four property funds managed by the Property Unit Trust Group on behalf of pension funds and registered charities.

Go-ahead for new state factory sales

THE GOVERNMENT is to give English Industrial Estates Corporation the right to sell factories and land to the private sector.

The move was announced in the Industry Bill published this week and which is expected to become law early next year. The Corporation was established by Government in 1960 to build advance factories in depressed areas.

But sales by the Corporation are unlikely to be anything approaching the scale of the new town £140m disposal programme announced by Mr. Michael Heseltine, Environment Secretary, earlier this year.

Sir Keith Joseph, Industry Secretary, said this week that sales might yield: "a modest number of millions of pounds over the next three, four or five years." Unlike the new towns no sales target and no deadline for making sales has been fixed.

In its last accounts for the year ending March 31, 1978 the Corporation showed land and properties with a book value of £88m. The Corporation currently controls 1,258, mostly small to medium size, factory

units covering a total area of 25.5m square feet and providing employment for 92,000 workers.

Under the terms of the Bill the Corporation will have the power to sell freeholds to either tenants or to other private-sector interests. It will also have the right to "encourage and seek" private investment to support new building programmes—possibly through joint ventures.

The freehold of the land administered by the Corporation is currently owned by the Crown but under the new Bill this will now be passed to the Corporation along with the right to make sales.

Sir Keith Joseph stressed that the Corporation's factory building role would continue. Gross capital expenditure of £32m is planned for this financial year.

However, the Corporation will, once the Bill becomes law, lose its status as "the servant or agent of the crown." This means that following a "holiday period" the Corporation will like other bodies in the private sector have to seek planning permission for new developments.

IN BRIEF

● Estates Property Investment have acquired a 6.3 acre freehold site on Lakeside Industrial Estate, Redditch where it plans a £2m warehousing/industrial development

● The availability of air conditioned offices in London's West End has fallen to a new low of 626,000 sq ft according to the latest survey by agents Leslie Lintott.

Birmingham auction to set rents pace

ONE OF the most significant commercial property auctions to be held this year takes place in Birmingham next Tuesday—the outcome of which could provide a new benchmark for prices being paid for Birmingham city centre offices.

The auction of a 125-year lease on St. Philip's House in Temple Row, by the Church Commissioners, is attracting intense interest and speculation. A number of local estate agents believe that the sale may well indicate a new ceiling for city rents, currently averaging around £5.25 a sq ft for best quality space.

Certainly it is unlikely that

there will be a lack of potential takers for the 11,200 sq ft of offices—with a serious shortage of top offices now rapidly emerging in the main financial, banking and commercial area.

Agents Elliott Son and Boyton, in its latest West Midlands office survey, estimate that at the beginning of last month there was only 7,665 sq ft of top quality office space available in this inner city area—bounded by Colmore Row, New Street, Corporation Street and Bull Street.

Of the 7,665 sq ft still available at the beginning of September, some 4,000 sq ft is now under offer at Apsley House and a further 1,500 sq ft at Well-

ington House.

With apparently little in the way of new schemes presently on the drawing board—but with some refurbishment planned—rents would seem likely to come under increasing pressure in the next six to 12 months. That is unless the current level of demand falls away significantly in the face of the widely expected economic recession.

Elliott Son and Boyton say that a sharp drop in the level of office space taken up in the past 12 months, reflects the acute shortage of prime space in the city—rather than any drastic fall in demand.

The agents' figures show that in the 12 months to September the take-up in the inner city

area was only 17,172 sq ft, compared with 150,000 sq ft in the previous 12 months. In the central area bounded by the ring road—and including the inner city—the take up had fallen from 253,000 sq ft to 119,000 sq ft.

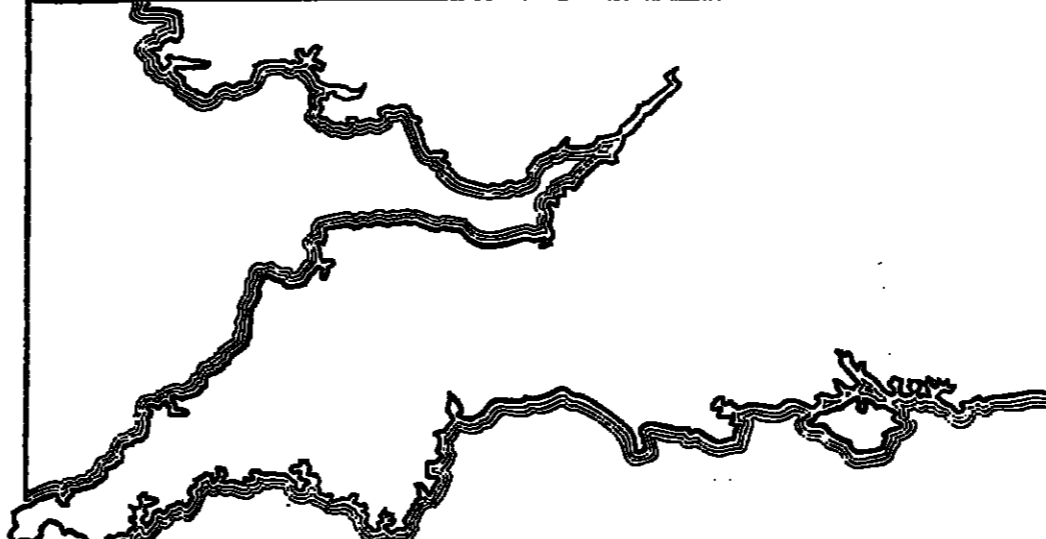
Despite this sharp fall rents have continued to rise in the central area, and, as demand has built up, rents have also begun to recover in outlying areas.

An example of the improving rental trend can be found at London Life's Centre City development where around 7,500 sq ft of remaining office space is currently under offer at £3 a square foot. A year ago rents in the same building, which is adjacent to New Street station,

were struggling to achieve £2.25 a square foot.

So far the largest office development planned for the central area is Viking Property's 550,000 sq ft Snow Hill development, the first phase of which—comprising around 200,000 sq ft of offices—is to be started next year. Now under construction is Trafalgar House's 60,000 sq ft development in Church Street and this is due for completion around the middle of 1980.

On top of these developments, Elliott Son and Boyton estimate that work on a further 175,000 sq ft of new and refurbished space might be expected to start in the next 12 months or so.



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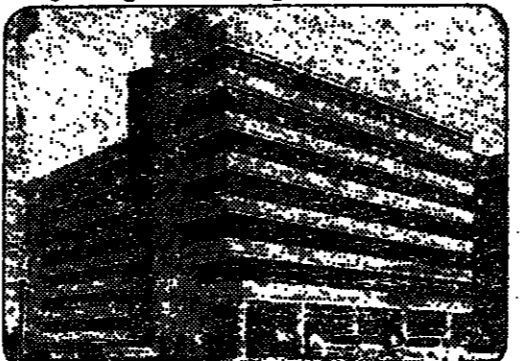
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Companies and Markets

Early Wall St. continues previous advance

STOCKS ADVANCED in moderate trading at mid-session extending Wednesday's small gain.

The Dow Jones Industrial Average rose 3.16 to 811.52, and advances led declines nearly two-to-one.

Analysts said the market was encouraged by comments from Federal Reserve Board Governor Nancy Teeters that the Fed would wait and see how markets adapted to the new credit policies before acting on the Discount Rate.

The market has been expecting another rise in the Discount Rate for some time.

There was hope that the money supply figures, due after the close, would show a decline. But there were no real estimates available, because of the turbulence in the debt markets.

Fairmont Foods rose 2 1/2 to \$13.7 after a late start. American Financial will tender for 950,000 Fairmont shares at \$15 each.

Newmont Mining, which raised its dividend and reported sharply higher earnings, added 1 1/2 to \$34.

Closing prices and market reports were not available for this edition.

others raised it to 14 1/2 per cent from the previous 13 per cent. The Toronto Composite Index fell 7.2 points to 1,631.2, and 12 of 14 indices retreated.

In Montreal, share prices were mostly lower in active trading. The Composite Index fell 0.56 to 266.88.

Paris share prices were mixed in light trading. Investors were influenced by a rise of 1/2 of a percentage point in the call money rate to 11 1/2.

Among French issues there were 104 gainers, 60 decliners and 31 unchanged.

Mumuk was the strongest performer, putting on 10 per cent on reports that 1979 would be a bumper year for champagne producers.

Metals, and Shipping Lines were lower. The second market closed sharply lower, with volume 60 shares.

Germany Leading shares closed down after quiet trading. Prices were depressed by tightness on the money market.

Money market developments proved particularly damaging to Bonds, led down DM 4 by Commerz and Dresdner.

In Stores, Karstadt fell DM 6, Daimler led cars down DM 3. In Engineering, Linde shed DM 50.

Prices rose on lower turnover in options trading with Phillips and AEG call options the centre of activity.

On the bond market, both domestic and Eurobonds lost up to DM 1.

Share prices closed mainly lower in this trading with the General Bourse Index hitting a new low for the year.

Dutch Internationals, apart from Philips, declined with Royal Dutch dropping FF L10.

Share prices closed mostly lower in moderate trading. Sidro and Wagons-Lits rose, but Asturienne, Union Miniere, Veille Montagne, Hokenek, FN, Solvay, CBR and Arbed fell.

The market closed slightly easier in continued quiet trading prior to the long weekend holiday.

Turnover fell sharply to HK\$114.68m from HK\$214.68m the previous day.

NOTES: Belgian dividends are after withholding tax. DM 300 denoms. unless otherwise stated. 1 Yen 50 denoms. unless otherwise stated.

AGG. 40.1 -0.1 14.1.8 Ashi Glass. 390 +9.30 14.1.8 Canon. 280 +0.30 14.1.8

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Tokyo

Share prices closed higher in moderate trading as late cheap buying in Blue Chips and Populars more than offset initial losses.

The market average rose 0.61 to close at 6,253.32, with volume 240m shares.

Many shares lost ground in early trading, extending Wednesday's sharp fall.

Prices rose on lower turnover in options trading with Phillips and AEG call options the centre of activity.

On the bond market, both domestic and Eurobonds lost up to DM 1.

Share prices closed mostly lower in moderate trading. Sidro and Wagons-Lits rose, but Asturienne, Union Miniere, Veille Montagne, Hokenek, FN, Solvay, CBR and Arbed fell.

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Stock Oct 25 Oct 24 Cooper Industries 56 56

Stock Oct 25 Oct 24 Humana 29 29

Stock Oct 25 Oct 24 Outboard Marine 16 16

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Stock Oct 25 Oct 24 Total 17 17

Stock Oct 25 Oct 24 Transamerica 16 16

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Stock Oct 25 Oct 24 Triton Oil 10 10

Stock Oct 25 Oct 24 Union Carbide 45 45

Stock Oct 25 Oct 24 Union Pacific 66 66

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Stock Oct 25 Oct 24 Unisys 20 20

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China signs for more Australian wheat

By Our Own Correspondent
PEKING — An Australian Wheat Board mission yesterday signed an agreement to sell China 1.5m tonnes of wheat...

Cocoa prices at three-year low

BY RICHARD MOONEY
LONDON COCOA futures prices fell to their lowest levels for three years yesterday as heavy speculative selling hit the market...

Minister reassures fishermen

By Our Commodities Staff
MR. PETER WALKER, Minister of Agriculture, yesterday promised the fishing industry the Government would not "trade off" fishing during negotiations on other Community Market issues...

Walker insists on free trade

BY CHRISTOPHER PARKES
MR. PETER WALKER, Minister of Agriculture, made it clear yesterday that he would not accept anything less than a complete climb-down by the French in the Franco-British confrontation over trade in lamb...

Rise in world cotton stocks forecast

WASHINGTON — World cotton stocks in the current 1979/80 season are expected to rise to between 24m and 25m bales from 22.5m estimated for this August 1, the International Cotton Advisory Committee (ICAC) said...

World sugar market rallies to new peak

BY OUR COMMODITIES EDITOR
WORLD SUGAR prices bounced back yesterday, recovering all the heavy losses suffered on Wednesday. The March position on the London futures market reached a new life-of-contract high closing £11.525 higher at £167.175 a tonne...

Scottish fish farmers win rating case

By a Correspondent
FISH FARMERS in Scotland have won a significant victory in their long-running campaign for the industry to be de-rated in the manner which applies to agricultural holdings...

'Green oil' has yet to flow

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT
ALTHOUGH THE exact details of the new French policy on sheep are not yet clear, the decision to lift the ban on British exports of lamb must have come after much heart-searching. Not least because of the possible expense of a national subsidy...

BRITISH COMMODITY MARKETS

Table with columns for various commodities like Tin, Copper, Zinc, Lead, and their prices. Includes sub-sections for Base Metals and Tin.

COCOA

Table showing cocoa prices for various grades and origins, including a section for Coffee prices.

PRICE CHANGES

Table listing price changes for various commodities such as Metals, Rubber, Soyabean Meal, and Sugar.

AMERICAN MARKETS

Table showing market data for American markets, including prices for various commodities and currencies.

INSURANCE BASE RATES

Table listing insurance base rates for different types of policies and coverages.

GRAINS

Table showing grain prices for various types of wheat, barley, and other cereals.

SUGAR

Table detailing sugar prices, including a section for Wool Futures.

EUROPEAN MARKETS

Table showing market data for European markets, including prices for various commodities.

Advertisement for U.S. commodity markets now open to U.K. investors, highlighting Gold, Platinum, Cotton, and Meats.

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LONDON STOCK EXCHANGE

Uncertain outlook in light of exchange control freedom leaves equity index slightly easier after 19-month low

Account Dealing Dates Option
*First Declara- Last Account
Dealings tious Dealings Day
Oct. 8 Oct. 18 Oct. 19 Oct. 29

Stock markets were gloomy again yesterday with renewed all-round easiness again reflecting investors' uncertainty and further sizeable selling of some shares which was assumed to be disinvestment by fund managers of UK securities in order to transfer funds abroad following the Government's ending of exchange controls.

Leading equities and Government stocks started on a steady-to-firm note, but nervousness set in as rumours began to circulate of an impending change in Minimum Lending Rate accompanying an economic package designed to protect sterling.

Despite the adverse market conditions Link House Publications, which staged an impressive debut on Wednesday, firmed a penny to 161p, after 163p. The other market newcomer, Vitatron, eased 2 to 263p; on

Wednesday, the managing director sold 42,500 shares in order to assist in the establishment of a less narrow market in the shares.
Keyser Ullman firm
In an otherwise dull banking sector, Keyser Ullman improved 2 to 67p, after 66p, on revived bid speculation. Minister Assets cheapened 2 to 51p in front of today's interim results, while Mercury Securities dipped 6 to 160p. The major reaction banks showed early reactions to 3 on fears of an increase in Minimum Lending Rate but rallied late on the unchanged announcement. With the exception of Barclays, which ended 3 off at 405p, after 400p, prices closed at their overnight levels.

Insurances succumbed to the general malaise. Phoenix cheapened 6 to 22p, Commercial Union to 125p and Eagle Star 4 to 153p. News that London Trust has increased its holding in the group to nearly 7 per cent failed to enthuse the recently vulnerable Christopher Moran which eased the turn to 28p.

Renewed selling was reflected in widespread losses in the Brewery sector. Whitbread "A" shed 5 more to 127p and Bass 4 further to 215p among the leaders.

Buildings wilted under early selling, but subsequently steadied at the lower levels and sometimes finished above the worst. Blue Circle ended just a couple of pence cheaper at 253p, after 250p, and London Brick a penny off at 69p, after 70p. Certain Contracting and Construction issues remained dull, Taylor Woodrow shed 11 to 347p and Redland eased 5 to 175p, while Brown and Jackson also declined 5 to 200p, and Wilson (Connell) fell 14 to 65p, the last-named in the amount of a half-yearly loss in the amount of 12p in a restricted market, while Wadkin gave up 10 to 100p and losses of around 8 were marked against Staveley, 200p, Vesper, 180p, and Martonair, 178p. Fresh selling led British Aluminium cheaper at 173p and Mining Supplies 4 lower at 78p. Against the trend, Mckean's responded to the increased dividend and annual profits with a rise of 3 to 55p.

offer. Elsewhere, Muirhead remained on offer and weakened 10 more to 250p while Wholesale Fittings gave up 15 to 450p in a restricted market. H. Wigfall, 255p, and Unitech, 206p, reacted 8 and 6 respectively, while Eurotherm closed 7 cheaper at 365p. Brocks ended 7 1/2 down at 561p; it was announced yesterday that Racal had sold its holding in the company. Against the trend, Breez moved up 6 to 80p on the better-than-expected half-yearly figures.

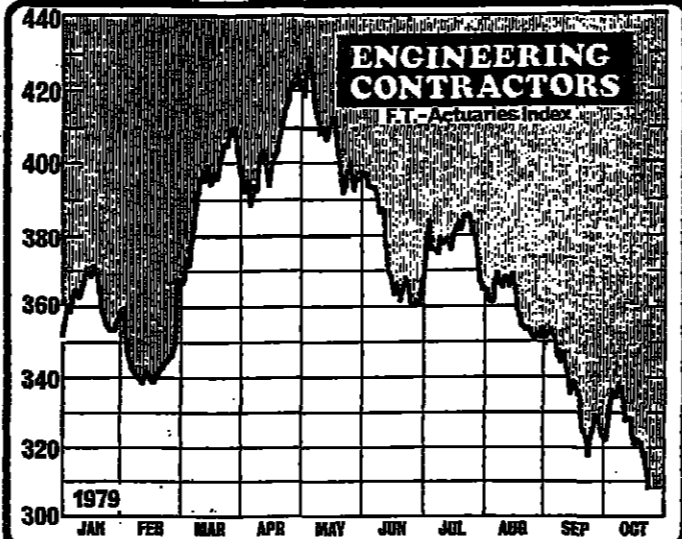
Engineering leaders closed a little above the worst, Tubes 280p, and the latter shedding 2 to 65p. Speculative counters gave ground on profit-taking. George Bassett and William Morrison relinquished 4 apiece to 90p and 152p respectively, while Robertson dipped 5 to 144p. Still depressed by the interim loss and dividend omission, P. Panto fell 3 further to 18p.

Walker and Homer down
Interest rate fears continued to worry the miscellaneous industrial leaders yesterday and in the morning session, prices

60p after half-yearly figures and 280p after a two-day fall of 14 to 210p, after 206p; the annual results are due on November 5. Dewry lost 11 to 284p. Zenith Carburettor A hardened a penny more to 83p after the previous day's jump of 12 which followed the announcement that Matra of France plans to acquire another French concern, Solex; Zenith yesterday made it plain that the company is not a subsidiary of Solex and that its ultimate holding company is Compagnie Industrielle et Financiere S.A. In Garages, P. G. Gates and Lex fell 4 to 36p and 87p respectively.

North Sea oil stocks Associated Newspapers, 245p, and Daily Mail A, 444p, shed 11 and 12 respectively on balance at 422p. United Newspapers relinquished 10 to 388p. Elsewhere, acquisition news failed to sustain Ait and Wiberg which shed 2 to 48p. The absence of minimum lending rate increase did little to alleviate dullness in Properties where losses were again widespread although not of the previous day's magnitude. Land Securities eased 4 to 276p and BEPC 2 to 167p, while Great Portland Estates shed 8 to 200p. Stock Conversion were sold down to 370p, off 16. Despite the increased annual profits and asset revaluation, Peasehey held at 120p, but profit-taking clipped 16 from Bertels to 610p, while recently re-launched Estates and Agency shed 7 more to 116p. Bank and Commercial, however, put on 6 to 95p, after 100p, in response to a Press mention.

Oil's volatile
Trading conditions were extremely volatile in the Oil sector. The announcement at the opening of merger talks between Lamsco and Oil Exploration, suspended at 296p and 535p respectively, prompted an initial upward flurry in other Oil shares, but this soon fizzled out and prices were sharply off before turning again in the late dealing to close a shade dearer on balance. British Petroleum ended 2 firmer at 380p, but extremes of 382p and 372p, but



FINANCIAL TIMES STOCK INDICES
Table with columns for various stock indices (Government Sec., Fixed Interest, Industrial, Gold Mines, etc.) and their values for Oct. 25, Oct. 24, Oct. 23, Oct. 22, Oct. 21, Oct. 20, and a Year Ago column.

HIGHS AND LOWS S.E. ACTIVITY
Table showing high and low values for various stock indices and S.E. Activity for Oct. 25 and Oct. 24.

LONDON TRADED OPTIONS
Table with columns for Option, Ex. Price, Closing Price, Vol., and Equity Close. Lists various options for different stocks like BP, Shell, etc.

EUROPEAN OPTIONS EXCHANGE
Table with columns for Series, Vol., Last, and Stock. Lists various European options for different currencies and regions.

BASE LENDING RATES
Table listing various banks and their base lending rates for different terms and currencies.

Burton A fall
Persistent selling and lack of support made for another dull day in Stores. The leaders were featured by a fall of 14 to 263p in Burton A, while Gussies A, 960p, and W. H. Smith A, 150p, surrendered 4 apiece. Elsewhere, Banners fell 14 further for a three-day reaction of 34 to 96p since the Board's cautious remarks about second-half trading which accompanied the interim results. Comment on the first-half figures prompted a fall of 4 more in B & Q Retail to 86p, while Lee Cooper led 14 to 245p. Harris Queensway, 316p, and Home Charm, 132p, declined 8 apiece while John Michael cheapened 5 to 38p. Among Shoes, falls of 5 and 6 respectively were seen in Style, 210p, and George Oliver A, 112p. Hiltens Footwear cheapened a penny to 81p; the price in yesterday's issue was incorrect.

Electricals encountered fresh selling, particularly some of the recent high-fliers. Among the leaders, GEC weakened afresh to 325p before meeting support and rallying to close 6 off on balance at 333p. However, hopes of a counter-bid or an increased offer from Thorn encouraged a revival demand for EMI which hardened 4 to 143p; Thorn eased 3 more to 365p, giving a value of 127p to its share-exchange

NEW HIGHS AND LOWS FOR 1979
The following securities were in the Share Information Service yesterday and were new highs or lows for 1979.

NEW HIGHS (5)
Table listing new high stocks for 1979, including companies like Brownlee Engineering, Gieves Group Property, etc.

RISES AND FALLS YESTERDAY
Table showing the rise and fall of various stocks yesterday, including British Funds, Foreign Bonds, etc.

ACTIVE STOCKS
Table listing active stocks with columns for Stock, Denomina- of price (p) on day, Closing, Change, 1979, and 1979. Lists stocks like Shell Transport, BP, GEC, etc.

DEALING DATES
Table listing dealing dates for various companies, including First Last Last For Deal- Deal- Last For.

RECENT ISSUES
Table listing recent issues of stocks, including issue price, amount, and date.

FIXED INTEREST STOCKS
Table listing fixed interest stocks with columns for Stock, 1979, and 1978.

"RIGHTS" OFFERS
Table listing rights offers for various stocks, including issue price, amount, and date.

FT-ACTUARIES SHARE INDICES
These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS
Table showing equity groups and sub-sections for Thursday, Oct. 25, 1979. Lists groups like Capital Goods, Building Materials, etc.

FIXED INTEREST YIELDS
Table showing fixed interest yields for various government securities, including British Government, etc.

FIXED INTEREST PRICE INDICES
Table showing fixed interest price indices for various government securities, including British Government, etc.

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AUTHORIZED UNIT TRUSTS

Table listing various authorized unit trusts with columns for fund names, managers, and other details.

UNIT TRUST MANAGERS

Table listing unit trust managers and the funds they manage, including names and contact information.

TRANSNATIONAL AND GEN. SECURITIES

Table listing transnational and general securities funds with columns for fund names, managers, and performance data.

OFFSHORE & O'SEAS FUNDS

Table listing offshore and overseas funds with columns for fund names, managers, and performance data.

INSURANCE & PROPERTY FUNDS

Table listing insurance and property funds with columns for fund names, managers, and performance data.

NOTES: See in press unless otherwise indicated. Yield % shown in last column only for all funds...

CTL The British computer systems and software company Telephone Hemel Hempstead 0442 3272

FT SHARE INFORMATION SERVICE

FOOD, GROCERIES - Cont.

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Table of British Funds with columns for Stock, Price, % Change, and Yield.

Five to Fifteen Years

Table of British Funds (Five to Fifteen Years) with columns for Stock, Price, % Change, and Yield.

Over Fifteen Years

Table of British Funds (Over Fifteen Years) with columns for Stock, Price, % Change, and Yield.

Undated

INTERNATIONAL BANK

CORPORATION LOANS

Table of Corporation Loans with columns for Stock, Price, % Change, and Yield.

LOANS

Public Board and Ind.

Financial

Table of Loans with columns for Stock, Price, % Change, and Yield.

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Yokohama: 11/10A, Market Street, Yokohama 2.

FOREIGN BONDS & RAILS

Table of Foreign Bonds & Rails with columns for Stock, Price, % Change, and Yield.

AMERICANS

Table of American Stocks with columns for Stock, Price, % Change, and Yield.

CANADIANS

Table of Canadian Stocks with columns for Stock, Price, % Change, and Yield.

BANKS & HIRE PURCHASE

Table of Banks & Hire Purchase with columns for Stock, Price, % Change, and Yield.

COMMONWEALTH & AFRICAN LOANS

Table of Commonwealth & African Loans with columns for Stock, Price, % Change, and Yield.

BANKS & HP - Continued

Table of Banks & HP - Continued with columns for Stock, Price, % Change, and Yield.

CHEMICALS, PLASTICS - Cont.

Table of Chemicals, Plastics - Cont. with columns for Stock, Price, % Change, and Yield.

ENGINEERING - Continued

Table of Engineering - Continued with columns for Stock, Price, % Change, and Yield.

DRAPERY AND STORES

Table of Drapery and Stores with columns for Stock, Price, % Change, and Yield.

BEERS, WINES AND SPIRITS

Table of Beers, Wines and Spirits with columns for Stock, Price, % Change, and Yield.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of Building Industry, Timber and Roads with columns for Stock, Price, % Change, and Yield.

ELECTRICALS

Table of Electricals with columns for Stock, Price, % Change, and Yield.

CHEMICALS, PLASTICS - Cont.

Table of Chemicals, Plastics - Cont. with columns for Stock, Price, % Change, and Yield.

ENGINEERING - Continued

Table of Engineering - Continued with columns for Stock, Price, % Change, and Yield.

DRAPERY AND STORES

Table of Drapery and Stores with columns for Stock, Price, % Change, and Yield.

BEERS, WINES AND SPIRITS

Table of Beers, Wines and Spirits with columns for Stock, Price, % Change, and Yield.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of Building Industry, Timber and Roads with columns for Stock, Price, % Change, and Yield.

ELECTRICALS

Table of Electricals with columns for Stock, Price, % Change, and Yield.

CHEMICALS, PLASTICS - Cont.

Table of Chemicals, Plastics - Cont. with columns for Stock, Price, % Change, and Yield.

ENGINEERING - Continued

Table of Engineering - Continued with columns for Stock, Price, % Change, and Yield.

DRAPERY AND STORES

Table of Drapery and Stores with columns for Stock, Price, % Change, and Yield.

BEERS, WINES AND SPIRITS

Table of Beers, Wines and Spirits with columns for Stock, Price, % Change, and Yield.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of Building Industry, Timber and Roads with columns for Stock, Price, % Change, and Yield.

ELECTRICALS

Table of Electricals with columns for Stock, Price, % Change, and Yield.

FOOD, GROCERIES, ETC.

Table of Food, Groceries, Etc. with columns for Stock, Price, % Change, and Yield.

HOTELS AND CATERERS

Table of Hotels and Caterers with columns for Stock, Price, % Change, and Yield.

INDUSTRIALS (Miscel.)

Table of Industrials (Miscel.) with columns for Stock, Price, % Change, and Yield.

FOOD, GROCERIES, ETC.

Table of Food, Groceries, Etc. with columns for Stock, Price, % Change, and Yield.

HOTELS AND CATERERS

Table of Hotels and Caterers with columns for Stock, Price, % Change, and Yield.

INDUSTRIALS (Miscel.)

Table of Industrials (Miscel.) with columns for Stock, Price, % Change, and Yield.

ENGINEERING MACHINE TOOLS

Table of Engineering Machine Tools with columns for Stock, Price, % Change, and Yield.

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INDUSTRIALS—Continued

Table of stock prices for various industrial companies, including columns for Stock, Price, and Change.

INSURANCE—Continued

Table of stock prices for various insurance companies, including columns for Stock, Price, and Change.

PROPERTY—Continued

Table of stock prices for various property-related companies, including columns for Stock, Price, and Change.

INVESTMENT TRUSTS—Cont.

Table of stock prices for various investment trusts, including columns for Stock, Price, and Change.

FINANCE, LAND—Continued

Table of stock prices for various finance and land-related companies, including columns for Stock, Price, and Change.

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MINES—Continued CENTRAL AFRICAN

Table of stock prices for Central African mines, including columns for Stock, Price, and Change.

AUSTRALIAN

Table of stock prices for Australian companies, including columns for Stock, Price, and Change.

OVERSEAS TRADERS

Table of stock prices for overseas traders, including columns for Stock, Price, and Change.

COPPER

Table of stock prices for copper-related companies, including columns for Stock, Price, and Change.

MISCELLANEOUS

Table of stock prices for miscellaneous companies, including columns for Stock, Price, and Change.

NOTES

Notes section providing detailed information and disclaimers regarding the data presented in the tables.

REGIONAL MARKETS

Table showing regional market data for various countries and regions.

OPTIONS 3-month Call Rates

Table showing 3-month call rates for various options.

MOTORS, AIRCRAFT TRADES

Table of stock prices for motor and aircraft trade companies, including columns for Stock, Price, and Change.

SHIPPING

Table of stock prices for shipping companies, including columns for Stock, Price, and Change.

SHOES AND LEATHER

Table of stock prices for shoes and leather companies, including columns for Stock, Price, and Change.

SOUTH AFRICANS

Table of stock prices for South African companies, including columns for Stock, Price, and Change.

TEXTILES

Table of stock prices for textile companies, including columns for Stock, Price, and Change.

NEWSPAPERS, PUBLISHERS

Table of stock prices for newspaper and publishing companies, including columns for Stock, Price, and Change.

PAPER, PRINTING ADVERTISING

Table of stock prices for paper, printing, and advertising companies, including columns for Stock, Price, and Change.

TOBACCOS

Table of stock prices for tobacco companies, including columns for Stock, Price, and Change.

TRUSTS, FINANCE, LAND

Table of stock prices for trusts, finance, and land-related companies, including columns for Stock, Price, and Change.

INSURANCE

Table of stock prices for various insurance companies, including columns for Stock, Price, and Change.

DIAMOND AND PLATINUM

Table of stock prices for diamond and platinum-related companies, including columns for Stock, Price, and Change.

